EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

No.30,940 Thursday September 7 1989 D 8523A

LOMBARD
Why Britain is less special
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World News

Dutch ruling coalition set to hold on to majority

Dutch Prime Minister Ruud Lubbers' Christian Democrat-Liberal coalition Government looked set to hold on to its ruling majority for a third term having won 76 of Parliament's 150 seats with 72 per cent of the results in. Page 18

US quits Lebanon
US withdrew all its remaining American diplomatic staff from Lebanon and closed its embassy in Beirut amid fears that the building might be overrun by demonstrators. Page 18

Single air control
Association of European Airlines called on their governments to create a single air traffic control system to reduce congestion in Europe's skies. Page 18

Bush drug plan
President George Bush's $7.8bn plan to combat drug abuse in the US won broad praise but Democratic critics in Congress said they want to spend more money to fight the drug war. Page 18

Hungary poll accord
Hungary's ruling Communist Party agreed with its opposition on ground rules for the country's first free elections in four decades.

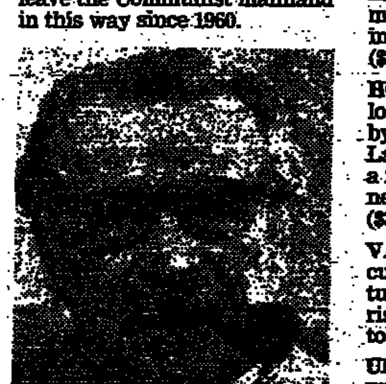
Soviet strike losses
General strike in Soviet Azerbaijan is causing colossal losses and threatening chaos, the Republic's Communist party chief said. Page 2

Arafat warning
Palestine Liberation Organisation chief Yassir Arafat warned that Palestinians might resort to the use of arms in their uprising against Israeli rule of the occupied territories.

Kenya murder arrest
Somali tribesman was charged with the murder of conservationist George Adamson and two of his employees in a remote game reserve in north-eastern Kenya two weeks ago.

Bhutto army accord
Benazir Bhutto, Pakistan Prime Minister, formally ended a 12-year feud with the military who overthrew her father in 1977.

Pilot defects
Chinese military pilot defected to Taiwan in his MiG-19 fighter, the 14th airman to leave the Communist mainland in this way since 1960.


Georges Simenon, the prolific Belgian author adopted by France, who created the Maigret detective novels, died at the age of 86 at his home in Switzerland. Obituary, Page 15

Maxim's in Peking
French fashion designer Pierre Cardin is to visit Peking to decide whether to reopen his Maxim's restaurant, shut down during pro-democracy protests in June.

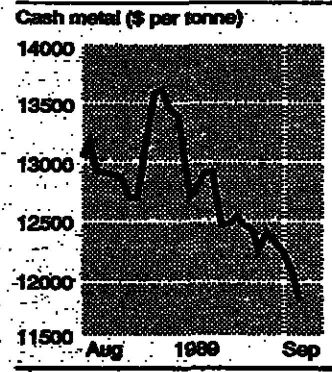
Business Summary

Contractors may meet new Channel tunnel costs

The five British and five French construction companies contracted to design and build the Channel tunnel said they might be prepared partially to underwrite a share issue to raise extra funds for the project. Page 18

NICKEL prices on the LME continued to fall with three-month metal shedding $400 a tonne to $11,425 a tonne following merchant selling of both cash and forward metal. Commodities page 49

Nickel
Cash metal ($ per tonne)



POLLY PECK International, the UK-based trading group, is expected to announce today the purchase of the global fresh-fruit business of Del Monte, the foods company which is being sold by RJR Nabisco and is the world's largest supplier of fresh pineapples and ranks third in bananas.

ENTERPRISE Oil, British Gas, and Amerada Hess resolved a bitter dispute when they agreed to divide a $961m package of UK North Sea oil assets, just before court hearings were set to begin. Page 19

FKI, electrical group that ran into trouble with its merger with Babcock International two years ago, said it would not proceed with the sale of its North American operations. Page 19

NORTON Opax, specialist print and packaging group embroiled in a three-way takeover battle, produced a final offer for De La Rue, valuing the banknote-printer at about £679m ($1.06bn). Page 19

LUFTHANSA, West German national airline, launched a DM942m ($480m) rights issue marking a further step in its privatisation through gradual reduction of the Government's shareholding. Page 19

DRESDNER Bank, West Germany's second largest bank, announced a DM1.2bn ($610m) rights issue, citing growth in business, rising profits and European strategy as the reason for the increase. Page 19

BRAMBLES Industries, international transport and waste management group, lifted earnings 35 per cent to A$170.2m ($129.7m). Page 20

HONG Kong and China Gas, local gas monopoly controlled by the Lee family's Henderson Land Development, reported a 24 per cent rise in half year net profits to HK$278.8m ($35.7m). Page 20

VARITY, Toronto-based agricultural equipment manufacturer, reported a 10 per cent rise in second quarter earnings to $20.1m. Page 20

UNITED Air Lines machinists union is "very sceptical" the carrier could survive the debt load which would be incurred in the $6.8bn buy-out of UAL, its parent company. Page 20

FRENCH VAT: France is to cut its top rate of VAT by 3 percentage points to 25 per cent. Page 3

CAISSE des Dépôts et Consignations, French state financial institution, received approval of its supervisory board to take a 6 per cent stake in Crédit Lyonnais, second largest nationalised bank. Page 21

Thatcher urges greater Western support for Poland

By Philip Stephens, Political Editor, in London

MRS Margaret Thatcher, the British Prime Minister yesterday called on the West to provide more support for the new Solidarity-led Government in Poland and for the spread of democracy in eastern Europe generally.

Mrs Thatcher, who yesterday met Mr Janusz Onyszkiewicz, a Solidarity member of the Polish Parliament, said in a wide-ranging policy speech in London that she had written with suggestions to Western leaders.

Among her recommendations were food aid, removing restrictions on Polish imports, encouraging foreign investment in the country and extending assistance with training programmes.

British officials said she was concerned to give momentum to measures agreed at the World Economic Summit in June.

Mrs Thatcher stressed that a longer-term agreement between Poland and the International Monetary Fund should be followed by financial assistance and the rescheduling of the country's large foreign debt.

She also offered strong support for Colombia's campaign against drugs barons and for President Bush's efforts to force General Noriega of Panama to relinquish power.

On the domestic front, the British leader put environment issues at the top of her political agenda in the run-up to the country's next general election by outlining what she described as a daunting list of environmental concerns.

Nearly half of her address, to the centenary conference of the Inter-Parliamentary Union, was devoted to the need for governments to meet the environmental problems now accepted as "among the greatest challenges which are facing mankind."

Mrs Thatcher said the first priority was to cut the emissions of gases which damaged the ozone layer and contributed to the greenhouse effect.

She also listed a lengthy set of priorities for regional and global action, from the need to prevent the destruction of tropical forests to action to tackle acid rain, end contamination of the seas and curb nitrate pollution.

The world would face dire consequences if it did not reduce the emission of toxic gases and other substances, promote more efficient use of energy and act to control the rapid growth in its population.

Mrs Thatcher said governments in the developed and developing words had to get across four basic messages:

- the importance of establishing a sound scientific base for effective policies and remedies.
- recognition that prosperity generated the wealth to tackle environmental problems but

Continued on Page 18
Colombia drugs war, Page 18

UK studies market alternatives to Delors proposals

By Peter Norman in London

THE UK TREASURY has been working on market-based alternatives to the Delors plan for European economic and monetary union ahead of this weekend's informal meeting of European Community finance ministers in Antibes, France.

Two principal ideas have been submitted for consideration by Mr Nigel Lawson, the Chancellor of the Exchequer.

One is to make EC currencies legal tender throughout the Community. Underlying this is the concept of "competing currencies" by which the soundest EC currency would eventually become the dominant one in Europe. The other plan would be to link currencies to some form of gold or commodity standard.

The activity follows Prime Minister Margaret Thatcher's announcement after the Madrid EC summit in June that Britain would develop proposals in place of stages two and three of the Delors plan.

These envisage institutional progress towards economic and monetary union through the creation of a single European currency and central bank, and have been rejected by Britain as requiring an unacceptable loss of sovereignty.

It is understood that the two schemes under discussion in the Treasury have yet to be fully worked out. The Treasury also takes the view that much remains to be discussed about completing stage one of the Delors programme which gets underway next July.

This stage, to which Britain has agreed, envisages the abolition of exchange controls throughout the EC and Britain eventually joining the exchange rate mechanism of the European Monetary System.

It is therefore unclear whether Mr Lawson will want to volunteer information about the British alternatives to stages two and three of the Delors plan at the Antibes meeting of ministers and central bank governors.

Mr Lawson can expect to come under pressure to outline British thinking because France, which holds the rotating six-month presidency of the EC, is keen to press ahead with preparing an inter-governmental conference on stages two and three. The Treasury ideas could give him something to talk about with-

Continued on Page 18

Italian bank chiefs to quit over unauthorised Iraqi export financing

By Alan Friedman in Milan

MR NERIO NESI will resign today as chairman of Banca Nazionale del Lavoro (BNL), Italy's biggest state bank which has been shaken by an international scandal over unauthorised Iraqi export credits extended by the bank's Atlanta, Georgia branch.

The bank's director-general, Mr Giacomo Pedde, will also hand in his resignation today to Mr Guido Carli, the Italian Treasury Minister.

The resignations of BNL's top two executives will be announced this afternoon at an extraordinary session of the bank's board of directors.

The two casualties in Italy's biggest banking scandal for years come 21 days after the bank first revealed it was at the centre of an international investigation relating to the unauthorised financing of more than $1.5bn of exports to Iraq by US and European companies.

The Italian Treasury owns 74.5 per cent of the ordinary voting stock of BNL. About 80 per cent of the Italian banking system is in the public sector.

Mr Nesi, 64, is a prominent member of Italy's Socialist Party and has chaired the Rome-based BNL since 1978. He had a stormy meeting yesterday in Rome with Mr Carli.

The outgoing BNL chief refused to shake the Treasury Minister's hand upon leaving his meeting.

Mr Nesi is believed to be particularly upset that the Iraqi scandal and his resignation may be used by lobbyists for Italian industry who are seeking to overturn the Bank of Italy's policy that industrial companies should not be allowed to buy majority control of state-owned banks.

The naming of a successor to Mr Nesi could come today. Speculation has been running high in Rome that the new BNL chief could be a senior official of the Italian central bank in a move to reassure the markets and politicians. The BNL affair has quickly become a political controversy in the Italian Parliament, with numerous questions being tabled by MPs.

Revelations have been coming thick and fast about the bizarre extension of more than $1.5bn of export credits by BNL's Atlanta branch.

The branch raised the funds on the US interbank money market without reporting the loans to US banking authorities and without securing any authorisation from BNL's North American head office in New York. The head office had an individual client lending limit of just $500,000.

The Atlanta district attorney's office is believed to be considering whether to issue criminal indictments against any current or former executives of BNL's Georgia branch and a team of US and Italian investigators is poring over the books at the Atlanta branch.

The scandal raises important questions about the adequacy of supervisory safeguards on the part of both the Federal Reserve and the Italian central bank.

It is not yet known whether BNL will face a substantial debt write-off as a result of the affair although its total exposure to Iraq is estimated by credit analysts at about $1.8bn.


Nesi: stormy meeting

Some $1bn of the Atlanta-based Iraqi export credits were counter-guaranteed by the central bank of Iraq, but bankers were pointing out yesterday that Baghdad does not have a very good record of payments.

The US Commodity Credit Corporation (CCC) has guaranteed more than $700m of BNL Iraqi-related loans in North America, but Italian officials are worried that the CCC guarantees may not remain valid should any fraud be discovered in the Atlanta dealings.

Italian stock exchange regulators, meanwhile, have this week suspended the trading of BNL shares on the Milan bourse and many brokers there are jittery about the effect the scandal may have on Italian bank stocks.

Clouds begin to clear, Page 2; Markets, Page 45

Millions of black S Africans strike as whites vote

By Patti Waldmeir in Johannesburg

ABOUT 3m black workers stayed home from work in South Africa yesterday as whites voted in parliamentary elections from which blacks are excluded.

The state-controlled television network described the election, in which the ruling National Party is expected to lose support to parties on the right and left, as one of the most crucial in South Africa's history.

The National Party, which held 133 seats in the last parliament, has come under strong challenge from the extreme-right Conservative Party, which controlled 23 seats, and to a lesser extent from the liberal Democratic Party, which had 21 MPs.

Polling got off to a slow start in the Johannesburg area, where conditions were cold and blustery. Small groups of police shadowed most polling stations, but kept a low profile.

Some 1.5m registered Coloured voters and 510,000 Indians were also able to cast votes for separate houses of parliament yesterday. Polling was expected to be higher than in 1984, the first elections held under South Africa's tri-cameral constitution.

According to the authoritative Labour Monitoring Group, a body of academics which monitors union actions, between 2m and 3m were estimated to have stayed away from work on the final day of a two-day national stoppage called to protest at blacks' exclusion from the poll.

Mr Jay Naidoo, general secretary of South Africa's largest trade union federation, the Congress of South African Trade Unions (Cosatu), put the figure at more than 3m.

He said it was the most widespread protest ever organised in South Africa: "Together with the students on boycott and others taking action, there are more people engaged in action against apartheid than actually voting in the racist elections."

Cosatu and its sister organisation, the National Council of Trade Unions, organised the strike.

The normally busy streets of central Johannesburg were quiet and almost empty, as black workers and students registered their protest at the elections to segregated houses of parliament. In Soweto, the sprawling black township of 2.5m people outside Johannesburg, taxi ranks were empty and schools and most stores were closed.

According to the Labour Monitoring Group, more than 70 per cent of workers stayed away from work in the heavily industrialised areas of the Transvaal near Johannesburg. Support for the strike in the eastern Cape and in Durban was above 80 per cent.

In Cape Town, however, only about 40 per cent of the workforce stayed away. Union leaders said 78,000 mineworkers had taken action over the past two days, but the Chamber of Mines (the employers' body) said the strikers numbered only 28,000.

White voters may have been influenced by the strike. Observers believe the protest, which exacerbates white fears of black unrest, could enhance a shift to the right among the white electorate.

Election background in Krugersdorp, Page 4

US bank may sell stakes in three foreign securities firms

By Norma Cohen in London

SECURITY PACIFIC, the US's sixth largest commercial bank, is considering a plan for a partial management buy-out of its London-based securities subsidiary Hoare Govett, one of the City's leading investment houses.

The plan, known as the Alliance Project, would allow the bank to take Hoare and two other overseas securities associates off-balance sheet by selling a portion of its stake in each to current management.

Details of the plan are expected to be announced by the end of the month. If it is implemented it would represent a shift in the bank's strategy.

It would also be the first such management buy-out since the Big Bang, thus reversing the trend which sent foreign banks pouring into London to buy up privately-held securities operations. Security Pacific only acquired control of Hoare Govett in 1984.

The securities associates involved in the proposed restructuring are London-based Hoare Govett, Canada-based Burns Fry Ltd and Australia-based McIntosh Securities Ltd. Security Pacific has a 30 per cent stake in Burns Fry.

Security Pacific hopes the plan will mean it is no longer covered by the most onerous US Federal Reserve restrictions on underwriting by the securities subsidiaries of US banks. Without these, the operations will be more flexible and profitable. In particular, the bank feels hampered by the Fed's Regulation K, which restricts the securities subsidiaries of US banks from holding equity stakes worth more than $15m (£9.7m) in a single company.

Los Angeles-based Security Pacific said: "We are still in the review process and have not finalised our plans. But anything we do as a US bank holding company requires regulatory review and if that were the case we would seek to obtain the necessary regulatory approval."

But bank officials familiar with the Alliance Project said that, under the plan, each securities operation would be the subject of a partial buy-out by its senior management. In the case of Hoare Govett, the management could own a majority stake. The plan may also involve an infusion of additional capital from Security Pacific. The securities operations would then be owned by an off-balance sheet company to be known as Alliance Holding Company.

The new structure would also allow Security Pacific to deploy elsewhere regulatory capital currently required under international rules on bank capital adequacy to support the equities operations.

Giving senior management greater control over operations and a greater say in decision making would make the entities much more effective and profitable, the officials believe.

They insist the bank has no intention of withdrawing from the equities business overseas.

MARKETS

STERLING
New York lunchtime: $1.5495
London: $1.5525 (1.539)
DM3.065 (3.0625)
FFr10.3275 (10.325)
SFr2.645 (2.6425)
Y227.25 (226.25)
£ index 90.9 (90.7)

GOLD
New York: Comex Dec $366.7
London: $360 (358.25)

N SEA OIL (Argus)
Brent 15-day $17.925 (+0.425) (Sept)

Chief price changes yesterday: Page 19

DOLLAR
New York lunchtime: DM1.979
FFr6.68625
SFr1.7065
Y146.5
London: DM1.975 (1.991)
FFr6.6525 (6.7125)
SFr1.704 (1.718)
Y146.3 (147.05)
$ index 72.3 (72.7)
Tokyo close: Y146.65

US LUNCHTIME RATES
Fed Funds 9¼%
3-mo Treasury Bills: yield: 8.07%
Long Bond: 99⅜
yield: 8.12%

STOCK INDICES
FT-SE 100: 2,390.8 (−35.2)
FT Ordinary: 1,978.7 (−29.9)
FT-A All Share: 1,209.8 (−1.3%)
FT-A long gilt yield index high coupon: 9.50 (9.46)
New York lunchtime: DJ Ind. Av. 2,709.92 (−34.76)
Tokyo: Nikkei 34,271.31 (+170.64)

LONDON MONEY
3-month interbank: closing 14$\frac{1}{16}$-14%

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Stay-at-home Suharto revives claim to a world role


President Suharto (left) of Indonesia has made a rare foray on to the world diplomatic stage with his first trip to a non-aligned summit in 18 years. Indonesia, a founding member, wants more moderate leadership of the organisation. Page 4

Clouds around BNL affair begin to clear

Alan Friedman unravels events which have led to the chairman's decision to resign

INTERNATIONAL banking scandals generally take some time to ripen, and that has most certainly been the case with the more than $1.5bn of unauthorised export credits extended by the Atlanta, Georgia, branch of Banca Nazionale del Lavoro (BNL), Italy's biggest state-owned commercial bank.

Today's expected announcement of the resignation of Mr Nerio Nesi, BNL's chairman, comes 21 days after the Rome-based bank first revealed that it was at the centre of an international investigation relating to the unauthorised financing of exports to Iraq by US and European companies.

It all began on the evening of August 17, in the heat of an Italian summer. With nearly all the government and business world shut down for the bank holiday of *Ferragosto*, BNL issued a distinctly anodyne press release announcing that "procedurally improper practices" had been discovered at its Atlanta branch.

The bank declined to go into details, revealing merely that the companies involved in the Iraqi exports were "very big US and European corporations, including Italian companies".

Full details of the BNL-Iraqi affair are still not known and a task force of US and Italian investigators is poring over the books at BNL's Atlanta branch on Peachtree St. Enough information is available, however, to provide a partial reconstruction, and what is apparent is that the scandal ranks as the biggest and most bizarre Italian imbroglio since *the collapse in 1982 of the Milan-based* Banco Ambrosiano.

First word of improprieties in Atlanta came early in August in an FBI tip to the Federal Reserve. With most of BNL's top management on holiday, it fell to Mr Pier Domenico Gallo, a deputy director-general and a respected technocrat recruited only recently from Nuovo Banco Ambrosiano, to co-ordinate the bank's own investigation.

By the second week of August the central bank had despatched inspectors to Atlanta; the Italians found themselves working alongside officials from the Fed, the FBI, the Atlanta district attorney's office and the Office of the Inspector General in Washington.

At the centre of the investigation has been Mr Chris Drougoul, a 36-year-old French-American banker who has been suspended as manager of BNL's Atlanta branch.

Under his leadership the branch has issued, since 1987, some 2,500 separate letters of credit for a total of more than $1.5bn to US and European exporters of industrial equipment and grain shipments to Iraq. The individual client *lending limit at Atlanta was $500,000.*

The BNL Atlanta letters of credit, of which about $1bn were counter-guaranteed by the Iraqi central bank, were not authorised by the New York office of BNL, whose top manager, Mr Luigi Sardelli, took early retirement a few days ago.

There has been no accusation of wrongdoing by Mr Sardelli or by Mr Francesco Misasi, who was head of BNL's New York branch until the end of last year and who is a cousin of a Christian Democrat cabinet minister.

The export credits were not reported to the Georgia state banking authorities, nor did they appear on the loan books of BNL. They are said to have been processed and stored in a personal computer at the home of a BNL executive in Atlanta.

BNL's North American operations have had a total of more than $700m of Iraqi export credits guaranteed by the Commodity Credit Corporation (CCC) in Washington. Among the outstanding issues is whether these guarantees will remain valid should the Atlanta loans prove to be in any way fraudulent.

Italian stock exchange regulators have meanwhile this week suspended the trading of BNL shares on the Milan bourse and many brokers in Milan are jittery *about the effect the scandal may* have on Italian bank stocks.

The BNL-Iraqi affair, which is still unravelling day by day, has for the time being produced far more numerous questions than answers. *Among these are the following:*

- Is it possible that the management of Italy's biggest bank was totally unaware of the extension of more than $1.5bn of export credits to a high-risk nation such as Iraq? This issue is particularly *salient in light of the fact that* at least one publicly quoted Italian company has stated that its application to BNL in Italy for confirmation of a letter of credit for an export to Iraq was referred to BNL's Atlanta branch.
- Will the CCC guarantees remain valid and will the counter-guarantees extended by the Iraqi central bank on $1bn of the Atlanta loans hold up? Will BNL face loan write-offs as a result of the Iraqi affair?
- Why were both the Federal Reserve and the Bank of Italy unable to detect any improprieties over the past couple of years, given the sums of money involved and the fact that BNL's Atlanta branch raised funds on the US interbank money market?
- What are the names of the US and European companies that benefited from the BNL export credits?

Another nagging question is whether any of the BNL letters of credit concerned weapons-related equipment. BNL says no armaments were involved in the exports to Iraq. The Foreign Ministry in Rome says it cannot comment.

The BNL affair has quickly become a political controversy in the Italian Parliament, with numerous questions being tabled by MPs of various parties.

The scandal will certainly not end with today's expected resignation of Mr Nesi.

With dozens of investigators from US state and federal agencies and from Italy's central bank still swarming through the Atlanta branch of the Ital*ian bank it looks as though the BNL* affair is going to result in fresh revelations before Mr Nesi's successor can hope to get back to business as usual.

Nato to push for conventional forces progress at Vienna talks

By David Buchan in Brussels

NATO governments have agreed certain "stabilising" proposals to put to the conventional forces conference with the Warsaw Pact which reopens today in Vienna, but remain divided on the principal issue of how to verify any eventual troop and equipment reductions.

The Western side has been trying to push the pace of the Conventional Forces in Europe (CFE) talks, in order to reach basic agreement on treaty reductions with the East next year. Nato came up in July with an earlier than expected proposal on common East-West ceilings for aircraft and helicopters, supplementing previous proposals on troops and armour, but has since failed to make as much progress on complex verification issues.

However, a senior Nato official said yesterday that Western diplomats would "shortly" table in Vienna proposals on "stabilising measures" to constrain large-scale or threatening military manoeuvres by either side. The timing of such proposals may depend on the 16 Western allies papering over differences on other issues.

These constraints would include advance notification of any large call-up of military reservists and any "massive" movements or concentrations of force, the official said. Such requirements would differ from those agreed by East and West in the early-1980s, because they would have the legal force of a binding treaty.

The Warsaw Pact wants equipment stored on the western side of the central front, particularly by the US, to be covered by any treaty reductions. Nato seems to accept this. But the senior *official said* the West did not want to see the Soviet Union start emulating American practice by storing advance equipment in Eastern Europe, and as a result Nato is to demand that at least one-fifth *of stored equipment* should be put under international surveillance.

Storage of such equipment should be clearly separated from that used by active units, and have clear entry and exit *points for easy monitoring, the* official said. Another particular focus of Nato concern is transportable bridging equipment for rapid assaults.

But the official conceded that Nato was still having *"great difficulty" in coming up* with provisions to prevent circumvention of a treaty. He cited the fact that forces in the US and Canada and Soviet forces east of the Ural mountains would lie outside the geographical scope of a treaty.

Judy Dempsey adds from Vienna: Western diplomats stressed yesterday that "unfinished business" arising from *the previous two rounds of the* CFE talks still remained to be tackled. These include Soviet insistence that all defence aircraft be excluded.

It appears, however, that Moscow is prepared to soften its position. During the closing stages of the last round in July, it indicated that "some" defence aircraft might be excluded and Soviet delegates were keen to emphasise that it would subject those aircraft to the strictest verification.

Nato, which for several months had objected to including aircraft at all at the CFE talks, unexpectedly changed its mind during the Nato summit in May. Yesterday, Western diplomats said they would press the Soviet Union to drop the distinction between defence and offensive weapons.

Both sides will also have to begin defining the categories of weapons to be included in reductions. So far, Nato has proposed that only main battle tanks be reduced. The Soviet Union, however, has already said reductions must include all categories of tanks.

Genscher faces critical press in political memoirs

By David Marsh in Bonn

THE West German Foreign Minister, Mr Hans-Dietrich Genscher, has been criticised in separate memoirs by two of post-war Germany's most prominent politicians, Mr Willy Brandt and the late Mr Franz Josef Strauss.

Mr Brandt, who gives an account of his resignation as Chancellor in 1974 over a spy scandal, accuses Mr Genscher – who was then Interior Minister – of concentrating his energies on remaining "undamaged" by the affair.

Mr Brandt was forced to step down in May 1974 after the discovery that a top official in the Chancellery, Mr Guenter Guillaume, was an East German spy. Mr Brandt takes aim at Mr Genscher – who had responsibility for the intelligence services – by saying that both left and right had an interest in "protecting" Mr Genscher from the consequences of inadequate counter-espionage.

Mr Strauss, who died last October, takes Mr Genscher to task in his memoirs for having "systematically removed the contours" from West Germany's foreign policies. Commenting on the manoeuvrings of Mr Genscher's liberal Free Democratic Party, Mr Strauss remarks disdainfully on the Foreign Minister's "agility" in sensing "opportunities and risks" on the political landscape.

Although the doubts placed on Mr Genscher's actions do not cover fundamentally new ground, they add up to veiled attacks on his reliability. Because of his important role in East-West negotiations, and recurring allegations in some western capitals that he is steering Bonn down a risky course away from Nato, this is an area of sensitivity for him.

Mr Strauss's ambition to become Foreign Minister was thwarted by Mr Genscher after the last general election in 1987.

Strikers in Baku, the capital of Soviet Azerbaijan, gather near the entrance of an engineering factory yesterday as a general strike in the region entered its third day. The week-long strike was called by Azeri nationalists to press for more autonomy from Moscow. Mr Abdul Vezirov, the republic's Communist party chief, said that the strike was causing enormous losses and threatening chaos. "The republic is suffering colossal material and moral losses. Economic links with many other regions of the country are being broken," he said. "Breaking these links could throw the republic into chaos". The strike was called by the Popular Front to press its demands for greater autonomy. The Front said that most enterprises in the republic had been hit by the stoppage. A Front spokesman said public transport, which ran a reduced service on Monday and Tuesday, yesterday resumed normal schedules. But otherwise only food shops and essential services were working.

Record tourism earnings likely for France

By William Dawkins in Paris

FRANCE is expecting record earnings from tourism this year, aided by the large number of visitors to its bicentenary celebrations, the Paris Government said yesterday.

The country's trade surplus in travel and tourism reached FFr27bn ($4.1bn) in the eight months to August, 60 per cent more than the same period last year, Mr Olivier Stirn, the Tourism Minister, told the Council of Ministers.

He predicted that the full year surplus would rise well above the FFr30.4bn achieved in 1985, when the dollar's strength attracted an unusually large number of US visitors. If so, France would this year become the world's second largest tourism earner after the US.

This year's tourism success comes at a useful time for the Government in that it will help offset France's growing trade deficit in manufactured goods, FFr35.9bn in the first six months of the year.

Mr Stirn attributed the improvement to a sharp rise in receipts from foreign visitors – a total of FFr80.5bn last year – accompanied by a slower increase in the amount spent abroad by French travellers.

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Greek coalition hits at Socialists over economy

By Karen Hope in Athens

LEADERS of Greece's coalition Government of Conservatives and Communists traded accusations of incompetence and mismanagement with the former Socialist Government into the early hours yesterday in a televised parliamentary debate on the country's deteriorating economy.

The discussion was billed as an effort to explain the problems the Socialists left behind when they were defeated in the June election. These included a record public sector deficit of about Dr2,500bn ($14.7bn) or 22 per cent of gross national product.

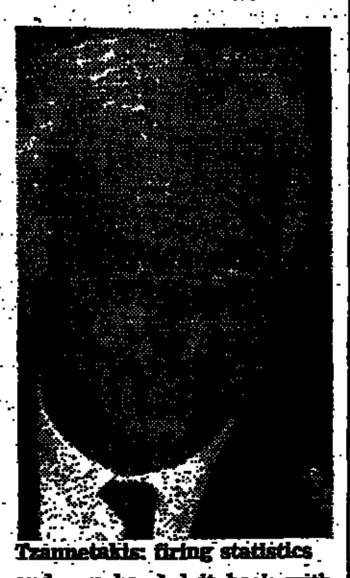
The barrage of statistics, however, was enough to confuse the most attentive viewer, with numbers bounced across the chamber like ping pong balls by Mr Tzannis Tzannetakis, the Prime Minister, and senior economic ministers, past and present.

Mr Tzannetakis, a moderate from the conservative New Democracy party which dominates the coalition, said the Socialists had exploited the public sector during their eight years in power "for their own enjoyment, for taking care of their friends and for buying votes."

He mentioned deficits of Dr25bn at Olympic Airways, the state-owned airlines, and Dr1.2bn at a chain of state-owned luxury hotels, both traditionally staffed by government supporters. He also claimed that more than 96,000 people were appointed to jobs in the civil service and state-owned companies in the six months before the election.

Mr Andreas Papandreou, the his Socialist predecessor, acknowledged that deficits had swelled but defended his Government's high spending as essential "to help the underprivileged and build a welfare state we were proud to present to the Greek people."

The veteran Communist leader, Mr Harilaos Florakis, who heads the Left Alliance, a group of left-of-centre parties and the coalition's junior partner, seemed unimpressed, telling the Socialists: "You inherited a scorched earth economy and you handed it back with the addition of a few thistles."


Tzannetakis: firing statistics

The unprecedented right-left government partnership was formed after the inconclusive election as an interim administration which would allow the hung parliament to clean up a series of financial scandals which were blamed for the Socialists' defeat at the polls.

Both Conservatives and Communists stress that the terms of their 90-day mandate do not permit taking stringent economic measures, but officials of both sides acknowledge that the next Government will probably be forced to adopt austerity measures.

In the meantime, the Tzannetakis Government has frozen spending on large-scale projects while agreeing to pay this month's index-linked wage increase of 10 per cent, promised by the Socialists.

Mr Constantine Mitsotakis, the New Democracy leader, wants to stick to the timetable of holding elections early in November to take advantage of his party's successful summer of co-operation with the left.

Mr Papandreou, faced with simmering discontent in his Pasok party, made overtures to the left immediately after the elections, suggesting that the country's "democratic and progressive forces" should get together to defeat the right.

Hungary's Communists polish their image

Judy Dempsey reports from Budapest on attempts by the country's ruling party to avoid the devastating electoral fate of its counterpart in Poland

HUNGARY'S ruling Communist party believes it can fare better than its Polish counterpart which was swept out of power earlier this year in the first relatively free elections since the Second World War.

This somewhat naive optimism is shared by both conservatives and reformers, now locked in a bitter struggle over their election manifesto. Elections could take place as early as December or the beginning of next year.

The optimism stems from two factors. First, Hungarian Communist officials say that, unlike in Poland, their own opposition is divided. True, in Hungary there is no mass Solidarity movement, nor is there a strong nationalist-based Roman Catholic Church.

Secondly, officials say that their record is not as bad as that of the Communists in Poland.

However, economists in Budapest are quick to point out that Hungarian debt is the highest per capita in Eastern Europe, the annual inflation rate is touching 20 per cent and living standards are continuing to fall, largely due to the half-baked economic reforms introduced over the past decade. Nor have Hungarians forgotten the rigged elections of 1947 and the terror of the 1950s.

Despite the differences, however, Hungarians are likely to follow the experience of Poland and the Soviet Union. Once given the chance to vote in a free election, they will almost certainly vote against the Communist party, rather than for any one party.

But before the elections take place, the country's Communists are preparing for what is regarded as a crucial party congress on October 6.

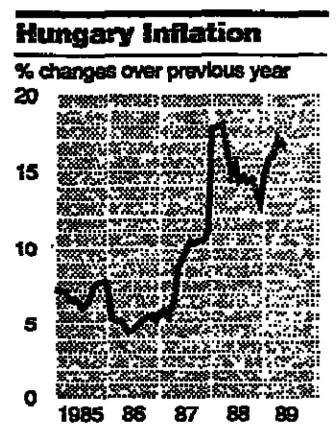
This will take place against a background of infighting about the party's future role in society, coupled with the fact that, over the past 18 months, nearly 100,000 people have left the party, many disillusioned with the slow pace of political reform.

Mr Karoly Gross, the dour, reluctant reformer who lost the party leadership earlier this year but who remains on the four-man party presidium, is expected to resign during the congress. But his resignation is unlikely to diminish the influence of the strong anti-reformist elements in the 113-member central committee.

Indeed, there is increasing evidence of a hardline backlash, illustrated last week by a stormy closed session of the central committee.

Two debates dominated the agenda. The first was how far the party should go in making compromises at the round table talks between the party and the opposition parties. These include, among other things, agreement on the vital question of how the elections should be organised.

In the second debate, the central committee threw out a radical proposal presented by Mr Imre Pozsgay, one of the presidium members and the leading light behind the Reform Circles, the 1,000-strong movement of liberal party members who argue that the party should rid itself completely of its Stalinist structures before it faces the electorate.



Mr Pozsgay suggested that the party withdraw from the factories, where more than 60 per cent of its branches are located. As is the case with all ruling Communist parties, the workplace in the past has provided the bulwark of its ideological and numberical support.

Mr Pozsgay clearly took a risk. He knew that once the party left the workplace, it would concede its traditional sphere of influence. In the event, a compromise was reached.

The party would have to pay for the rooms at the factory, all political groupings would be free to organise there and no party would be able to hold meetings during work hours or interfere in management decisions. This is something which the Communists have repeatedly done over the past 40 years.

But there was another reason why Mr Pozsgay's proposal was rejected. The opposition groups are frantically organising branches around large residential complexes. It is there that the Communists are extremely weak.

"If we were forced out of the factories, our power would be really weakened," said one party member. In future, it will be left up to the parties to "voluntarily leave the factories."

Moreover, because the party is so worried that it will be decimated during the elections, it has agreed in principle to a new electoral law which still has to be accepted by the opposition.

Hungary's system will be based in part on proportional representation. The plan is that Parliament will have 350 seats, of which 150 deputies will be chosen by the 19 counties and Budapest. The first three parties will be elected.

On the constituency level, there will be 150 seats for the same number of constituencies. Those elected in the first round must gain an absolute majority – 51 per cent.

In the event that deputies do not achieve this figure, there will be a second run-off. Those who win 15 per cent of the vote in the first round – this is a provisional figure – are eligible, and a relative majority this time will secure them a seat in Parliament.

Such a procedure, however, could split the opposition vote since it would entail several parties contesting one seat. Unlike the Polish system, it would not be a straight run-off between a Communist and an opposition candidate. Finally, in addition to the county and constituency deputies, there will be a national list. The votes from among all those candidates who did not make it to Parliament will be distributed among this list, of which 50 seats will be chosen on the basis of proportional representation.

This is bound to have a number of important consequences for the party in that it will at least be guaranteed extra seats – but nowhere near the absolute majority. Given the most pessimistic scenario, however, the party could be completely wiped out if the voters refuse to give the Communists' deputies any votes at all in the first round.

The party's performance in the elections is likely to be influenced by the outcome of the congress. If the Reform Circles are successful in pushing through a radical programme, whose main purpose is to make the party an attractive opposition party, it could gain about a quarter or a third of the seats in Parliament.

But Mr Pozsgay and his Reform Circles supporters know that time to revamp the image of the party is running out.

And dislike of it runs very deep among Hungarians.

Paris faces union battle over post office proposals

By George Graham in Paris

THE FRENCH Government faces a battle with the trade unions concerning proposals to overhaul the status of its postal and telecommunications services.

Mr Paul Quilès, Minister for Posts and Telecommunications (PTT), will meet union leaders tomorrow to discuss a report prepared by Mr Hubert Prévot, the former head of France's national planning agency. This suggests splitting the two services and converting them from departments of the ministry into self-standing legal entities.

The report has angered unions, which have accused the Government of trying to undermine the protected employment status of the 435,000 postal and telecommunications workers and of aiming at a backdoor privatisation.

Mr Quilès and Mr Michel Rocard, the Prime Minister, have hotly denied any intention to privatise either service. "There will not be a penny of private capital in the PTT, at any moment or in any form," Mr Quilès said.

They have failed to convince the unions, however, and the Communist CGT has said it will boycott the "pseudo-consultation" called by Mr Quilès this week.

The Prévot report criticises the administrative structure of France's postal and telecommunications services, rooted in a law dating from 1923, on the grounds that it inhibits their financial and strategic independence.

Mr Prévot has avoided suggesting any particular legal status for the two services, but recommends an autonomous identity, possibly similar to those enjoyed by the national railways or the electricity authority.

He proposes, however, explicit guarantees that post and telecoms employees should continue to benefit from civil service, employment, security and pension rights.

The debate on the reform of the postal and telecoms services is opening at a time when several public sector departments, including education, nursing and tax collection, are facing mounting unrest from their employees.

At the same time, divergences of opinion are opening up within the Socialist Government on the role of the state in the economy with Mr Lionel Jospin, the Education Minister and number two in the Government, advocating a cautious approach to the implementation of the Prévot report.

France cuts top rate of VAT to 25%

By George Graham in Paris

FRANCE IS to cut its top rate of value-added tax by three percentage points to 25 per cent.

The VAT cut, which affects mainly cars and electronic equipment, will cost the French Government an estimated FFr6bn (£583m) in lost tax revenues but forms part of a broader effort by France to harmonise its tax system with its European community partners.

Mr Pierre Bérégovoy, the Finance Minister, said yesterday that the cut in the top rate of VAT from 28 to 25 per cent would apply to cars from Friday September 8, while for consumer electronics, cameras and films, perfumes, jewellery and furs, the rate cut will take effect on September 15.

The VAT rate for tobacco, lotteries and betting will not be reduced until January 1 1990, and will be offset by an increase in specific duties on these items.

The VAT rate cuts will be included in the budget for 1990, due to be presented on September 20. Other measures under discussion include some FFr6bn of cuts in the taxation of savings products, a cut in the rate of tax on reinvested company profits and an increase of FFr500m to FFr1bn in the wealth tax.

Some supporters of the Government, however, have been worried that the budget was not sufficiently socialist.

The top French VAT rate has already been reduced once, last year, from 33⅓ per cent, while its standard rate is 18.6 per cent and its lower rate 5.5 per cent. The European Commission is working towards proposals for harmonising VAT in member countries, with the likelihood of a minimum standard rate of around 15 per cent and a zero rate for certain products.

There have been some fears that a VAT cut would stimulate imports of foreign cars, damaging France's already fragile trade balance, but the Finance Ministry plans to offset some of the effect by stopping tax privileges for car leases with purchase options.

OVERSEAS NEWS

Kaifu backed for two-year term by party chief

By Ian Rodger in Tokyo

MR TOSHIKI KAIFU, who became Japan's Prime Minister less than a month ago, has won the backing of one of the ruling Liberal Democratic Party's three top men for a full two-year term of office.

"In essence, we are in for a two-year term, and it has already begun," Mr Hiroshi Mitsuzuka, chairman of the LDP's policy research council, said at a meeting with foreign reporters in Tokyo yesterday.

Mr Mitsuzuka's comment is at odds with suggestions made in the past few days by other party leaders that Mr Kaifu, who has no substantial personal following within the LDP, should not be reappointed LDP president at the biennial party conference at the end of October. The party always puts forward its president for the prime minister's job.

Mr Kaifu would never have become prime minister if the party's more powerful leaders had not been discredited by a succession of scandals in the past year. He was also picked because the party wanted someone with a clean image who could win back public support. However, recent polls indicate that the LDP's popularity is beginning to recover and some leaders are becoming eager to have a general election so they can be purified and return to power.

However, Mr Mitsuzuka poured cold water on these ideas, saying "in my view there will be no rival candidates at the October 31 election." He predicted that the general election, which must be held before next July, would take place in April after the Government had passed a budget for next year. He predicted that the election result would be close, regardless of when it was held, and there was a possibility of the LDP losing control of the Government. "However hard we try, I still have a keen sense of crisis," he said.

Despite the current political instability, Mr Mitsuzuka was confident that Japan would continue to open its markets and contribute more to the international community. He suspected that the negotiations with the US on structural impediments to free trade would be difficult, but "we will do what should be done without being told."

Winter's end harries Krugersdorp's voters

By Patti Waldmeir in Krugersdorp, Transvaal

WHEN THE wind blows over Krugersdorp, as it did with a vengeance on election morning, the town disappears in a pall of dust from the local mine dump.

Assailed by grit and freezing temperatures, on what everyone hoped would be the last day of winter, the burgers of Krugersdorp turned out yesterday to do their democratic duty for South Africa.

The weather was much more than an idle topic of conversation outside the polling booths at the East Primary School. Indeed, between the National-ist Party marquee and the Conservative Party tent, there was consensus on the issue: lousy weather favoured the Conservatives, and penalised the Nationalists.

The candidates, not surprisingly, had slightly differing views on why this was so. "Their people only like comfort. Our voters are committed to us," says Mr Clive Derby-Lewis, Conservative Party candidate for this West Rand mining town 20 miles west of Johannesburg.

His opponent, the sitting MP and Deputy Minister of Law and Order, Leon Wessels, has a different explanation for the same truth: "You can always count on the extreme radicals to turn out and vote."

Mr F.W. de Klerk, the acting president casts his vote yesterday

Certainly, the views of Conservative stalwarts at the party marquee were nothing if not radical. Asked why he was voting for the CP, Mr Johan van der Merwe complained about the local black township of Munsieville, and integration of commuter trains to Johannesburg.

"We don't want the blacks with us," he explains. "We have to travel together in the trains. It's not nice." Mr van der Merwe works for the railways, so he may have a particular interest in this issue. But other voters express the same distaste for integrated travel.

And in the vicinity of the Conservative tent, everyone complains about paying for water, light and electricity when black residents of Munsieville pay only a nominal charge. "Whites are sick and tired of carrying the burden of these people who make no contribution themselves," says Mr Derby-Lewis. "We're being swamped by blacks. Munsieville is a disgrace."

If elected, the Conservatives would move the township, where Archbishop Desmond Tutu once taught school, out of the Krugersdorp area altogether. The Nationalist party, which has spent millions of rands upgrading the township since the last election, would leave it where it is. "Munsieville is there to stay. We have to look after the people who live there," says the Nationalist candidate, Mr Wessels.

Both candidates are confident they can win the election. In the last poll, in May 1987, Mr Wessels won the seat with one of the smallest majorities in the country: 55 seats, out of nearly 15,000 votes cast. And both candidates agree that the Nationalists must win Krugersdorp again if they are to keep their absolute majority in Parliament.

In some ways, the Krugersdorp race reverses the normal stereotypes of South African life: Mr Derby-Lewis is an ultra-right English speaker while Mr Wessels is a verligte (enlightened) Afrikaaner. According to the usual linguistic stereotypes, their roles would be reversed.

But Mr Derby-Lewis argues that Krugersdorp represents South African society in microcosm: white collar workers, blue collar workers, state officials, poor whites, Krugersdorp has them all.

The Conservatives say this town, along with all the others in South Africa, is fed up with impoverishment and government corruption. The Nationalists say people are fed up with the CP's deluded views of a racially segregated past. South Africans will be watching closely to see which way the voters of Krugersdorp jump; the outcome could have significant consequences for the political future of them all.

Egyptians confirm explosion in Iraq

By Victor Mallet in Baghdad and Tony Walker in Cairo

REPORTS THAT an explosion rocked a military industry complex near Baghdad in mid-August have been confirmed by Egyptian officials, but they were unwilling to provide details of casualties or the extent of damage.

In Baghdad, Western officials said reports of a large detonation at a defence manufacturing plant south of Baghdad had been circulating for the past two weeks, while others said several hundred people had been killed in the explosion and the ensuing fires. Unconfirmed accounts put the death toll in the thousands.

Neither the US State Department in Washington nor the UK Foreign Office in London were able to provide independent confirmation of the incident. The Iraqi Government is intensely secretive, and no mention has been made by officials or by the state-controlled media of a catastrophe at one of its top-security defence establishments.

It was not clear whether the blast involved military explosives, fuel or chemicals for civilian industry. Reports that the explosion was linked to production of ballistic missiles remain unconfirmed.

An Egyptian spokesman denied claims that dozens of Egyptians had been killed in the detonation which is said to have taken place on the afternoon of August 17 at the al-Hillah industrial complex 40 miles south of Baghdad. A Western official in the Iraqi capital said some of his colleagues had reported hearing an explosion that day.

The Independent, a London daily, said an Iraqi version of a medium-range ballistic missile, code-named Condor-2, was being developed at al-Hillah in co-operation with Argentina and Egypt. But defence experts yesterday cast doubt as to whether the Condor-2 was being built at al-Hillah. They had understood that special plants for its construction had been developed south-west of Baghdad.

Iraq began early in the Gulf War to seek a more advanced missile capability. It received assistance from North Korean engineers in improving its Soviet-supplied Scud B missiles to bring Tehran within range. These modified missiles were used to effect against the Iranian capital late in the conflict. The Condor-2 project is also part of Iraq's attempts to add a further layer of "home-grown" sophistication to its arsenal of modern weapons.

Since it was revealed in late 1987 that Egypt, Argentina and Iraq were co-operating in the production of a medium range missile, Western governments anxious about the proliferation such technology have stepped up their efforts to block development of the Condor-2.

Western experts say the missile, which would have a range of about 750km, is still at a developmental stage. These experts believe it will be some time before it is ready for deployment. An official at Egypt's main military hospital at Maadi, a Cairo suburb, denied reports that horribly burned Egyptians had been admitted after the disaster at al-Hillah.

Delhi tries to discredit fresh pay-off claims

By David Housego in New Delhi

THE INDIAN government yesterday tried to lay low renewed controversy over the Bofors affair with a detailed denial of allegations by the former head of the Indian army that Prime Minister Rajiv Gandhi had personally been involved in attempts to cover-up illegal commission payments made by the Swedish arms group.

General K. Sundarji, the former army chief of staff, claimed in an interview published over the weekend that Mr Gandhi had intervened two years ago to halt attempts by the Defence Ministry to force Bofors to identify those to whom it had made illegal payoffs by threatening to cancel the \$1.2bn (£0.77bn) contract.

He said that Mr Gandhi had advised that the cancellation of the contract involving a potential delay of two years in India's acquiring new artillery posed an "acceptable" security risk.

In its statement last night, which marked an unparalleled public exchange between the government and the former head of the army, the Defence Ministry implied that General Sundarji's evaluation of the security risks of cancellation had been cursory and limited.

It said that the negotiation of the purchase of new 155mm artillery had already taken 10 years and that further delays could be damaging particularly at a time of tensions with Pakistan.

The Ministry claimed that the Prime Minister had taken the lead in putting pressure on Bofors to disclose the identity of the recipients.

The key document in the government's case is a letter, also released yesterday, from Mr N.N. Vohra, now Secretary for Defence Production. Mr Vohra was quoted by General Sundarji as having said that the Prime Minister had criticised him for putting pressure on Bofors.

He was also said to have returned "disgusted" from a meeting at which the Prime Minister had ordered a relaxation of pressure on the Swedish group.

Mr Vohra, who was at the time an additional secretary and is believed to have been closely involved in the handling of the Bofors issue, said in the letter that the Prime Minister had never spoken to him about Bofors.

He described the views attributed to him as "without any basis whatsoever."

Sanctions against S Africa having 'mixed effects'

By Michael Holman

ECONOMIC sanctions against Pretoria have had mixed political effects, triggering a right-wing backlash against reform, as well encouraging less racist attitudes in some whites, a leading academic has told a UN hearing on the role of transnational corporations in South Africa and Namibia.

Ms Merle Lipton, a senior analyst at the Washington-based Investor Responsibility Research Centre, an independent research body, warned that the growth of black unemployment and erosion of white living standards could "increase the likelihood of black unrest and white backlash, with political results that are difficult to predict."

Ms Lipton is the author of Sanctions and South Africa, published in London last year by the Economist Intelligence Unit.

A committee of eight Commonwealth foreign ministers recently recommended tougher economic measures against South Africa.

Ms Lipton's report to the hearings, which began in Geneva on Monday, is an update of her earlier study. She said South Africa, which is seeking the rescheduling of an \$8bn debt owed to commercial banks, "appears to be coping with its (external) debt problem, and with the long-term restructuring of its economy," better than many other countries.

The worldwide shortage of long-term foreign capital "means that the lifting of sanctions will not, per se, guarantee the resumption of capital flows" to Pretoria: "This reduces the potential leverage of capital sanctions, whether in the form of penalties or incentives."

Disinvestment had "not noticeably impeded the functioning of the South African economy," argues Ms Lipton.

The paper says: "In some cases, disinvestment has had adverse effects on black workers, leading to lay-offs, to managements less sympathetic to black advancement and trade unions, and to less willingness to spend money on affirmative action programmes."

Sanctions have encouraged "a significant restructuring of the economy" says Ms Lipton: "There has recently been an 8 per cent improvement in the productivity of capital and a 3 per cent improvement in the ratio of labour inputs to capital involved."

But slower growth in the 1980s has led to the reappearance of white unemployment, which virtually disappeared during the 1960s: "This has... contributed to the right-wing backlash against reform."

Ms Lipton asked: "Will black unrest and white backlash provide propitious circumstances for the revival of reform and the nurturing of the negotiating mode? The answers to these questions are by no means obvious."

● The UN panel of experts conducting the hearings will recommend tougher international economic measures against South Africa, Mr Lowell Weicker, a former US Senator on the panel said yesterday, Reuter reports from Geneva. "I expect this report to be extraordinarily tough," he said. The group is due to publish a report to the UN General Assembly tomorrow.

Afghans launch new offensive

By Christina Lamb in Islamabad

AFGHAN rebels, told by the US that arms supplies will now be linked to performance, claim they have prevented a sizable military convoy from reinforcing the southern town of Kandahar and that they have inflicted heavy damage on a large government airbase.

Western diplomats in Islamabad confirm reports that the rebels successfully ambushed the first Soviet military convoy to enter Herat since the withdrawal was completed, and paralysed half of the critical western airbase of Shindand.

The 1,000 vehicle convoy, which was travelling from Herat to Kandahar, was attacked at Farah by an estimated 500 men commanded by Ismael Khan from the Jamiat, and seven tanks were destroyed.

Military activity has been stepped up over the last two weeks with a new attack on the garrison town of Khost and heavy rocketing of Kabul. On Saturday the mujaheddin closed Kabul airport with their most accurate shelling to date aided by new US-supplied Egyptian long-range rockets fitted with clustershells.

The mujaheddin say their lull in fighting after failed attempts to capture Jalalabad in March, was due to lack of arms. US officials said last week that the CIA director responsible for distribution had been sacked.

Recent successes are a boost to rebel forces who otherwise seem more engaged in fighting each other than the regime.

Large numbers of casualties have been claimed in fighting between the Hezbi Islami and the Jamiat, the two largest parties, in the provinces of Helmand, Kunar, and Badakshan.

Korea tax plan under fire

By Maggie Ford in Seoul

A South Korean Government scheme to introduce a modernised tax and property system has received strong support from opposition leaders and the public, but is being opposed by the ruling Democratic Justice Party.

Under the scheme, due to be introduced next January, speculators and those with unearned income and large landholdings would be taxed on windfall gains and if they failed to develop housing land.

Later, all financial transactions would be made under people's real names, rather than the pseudonyms allowed at present and a modern tax system would be introduced. Corporation tax will also be revised. Large companies, affluent property owners and those with unearned income have reacted with shock to the proposals, provoking opposition in the ruling party to the Government's plan.

Hints the Government of President Roh Tae Woo might have to water down the proposals yesterday drew strong criticism from Mr Kim Dae Jung and Mr Kim Young Sam, the main opposition leaders.

Australian air dispute enters crucial phase

By Chris Sherwell in Sydney

THE DISPUTE which has grounded Australia's domestic flights entered a critical phase yesterday, as the two airlines claimed productivity gains from returning pilots and the pilots' federation denied its members had signed contracts.

Both Ansett and Australian Airlines said pilots were signing contracts which entailed a 6 per cent pay rise in return for productivity improvements – in line with government guidelines – together with enhanced overtime opportunities which would cut the number of pilots employed.

Opposition politicians asserted that the deals offered pay rises close to the 29 per cent increases the pilots are demanding, but neither the airlines nor the Government would disclose precise terms or say how many pilots had agreed to return.

The Australian Federation of Airline Pilots insisted none of its members had signed new contracts, and offered to resume work on a 9am-5pm basis to ease the mounting pain for the aviation and tourism industries. The proposal was rejected as a sham by the airlines, which no longer recognise the federation.

The Government meanwhile declared there was no question of compensation for the airlines over their rising losses, but admitted it would consider relief in respect of wages paid to some 21,000 airline employees who would otherwise be stood down from work.

The pilots resigned en masse two weeks ago after the airlines began taking out writs against them. They had earlier refused to end a disruptive 9am-5pm work schedule in support of their claim, and had seen a cancellation of their industrial agreements with the airlines by the Industrial Relations Commission, the country's principal arbitration body.

Likud proposes sale of Israeli trade union's business empire

By Hugh Carnegy in Jerusalem

ISRAEL'S right-wing Likud party, challenging Labour for control of the country's trade union organisation Histadrut, has proposed that the powerful federation sell off its extensive industrial holdings, which last year accounted for 30 per cent of Israeli industrial output.

Launching its campaign for the Histadrut leadership elections in November, Likud this week announced a radical reform programme which, were it implemented, would have a far-reaching effect on the country's economy.

The Histadrut, controlled by Labour since before the founding of the state, was one of the key institutions which forged Israel's socialist-modelled economic and social systems. Mr Ya'acov Shamai, the Likud member of parliament running for general secretary of the Histadrut, said his party wanted to end the organisation's dual role of trade union and employer.

It would dispose of the Histadrut's many companies, many of them now unprofitable, and use the proceeds to help prop up the union's chronically underfunded pension scheme. The Histadrut's industrial interests, owned mainly by its holding company Hevrat Ha'ovdim, range right across the economy.

The largest is Koor Industries which is the country's biggest group and is struggling against huge debts and the prospect of insolvency. Others include: Bank Hapoalim, Israel's largest bank; Solel Boneh, the civil engineering company; Eged, the national bus company and the Mashbir department store chain.

Likud, adopting recommendations drawn up by a team of academics, proposes appointing an independent task force to oversee recovery programmes for loss-making companies before offering them for sale on the basis of 30 per cent to employees, 30 per cent to the public and 40 per cent to private investors. The Histadrut would retain golden shares to protect workers' rights.

No value has been put on the holdings, but Likud said the proceeds would be channelled into the Histadrut pension fund which has 400,000 members and which is estimated to have had last year an actuarial deficit of Shl 15bn (£4.8bn).

The federation's health insurance scheme, which covers 80 per cent of Israelis, is also said by the authors of the Likud report to have an accumulated deficit of Shl 1bn.

According to opinion polls, Labour should retain control of the Histadrut in the elections in which 1.6m people are eligible to vote.

● The US is turning to Mr Yitzhak Rabin, the Defence Minister, in a bid to end the deadlock on Israel's plan for Palestinian elections in the occupied territories, Western diplomats and Israeli analysts said yesterday, Reuter reports from Jerusalem.

Mr Rabin, who proposed the elections plan adopted by Mr Yitzhak Shamir, the Prime Minister, was to leave for Washington last night for talks with Mr James Baker, the Secretary of State, and Mr Richard Cheney, the Secretary of Defence.

Stay-at-home Suharto revives claim to a world role

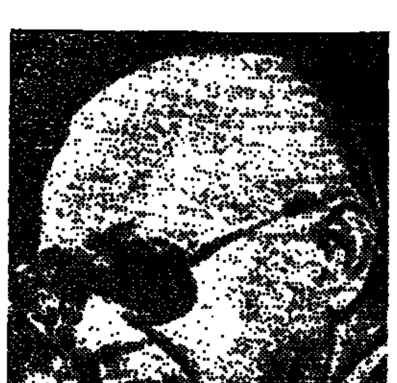
John Murray Brown reports on a growing awareness of Indonesia's value in international politics

INDONESIA'S stay-at-home leader, President Suharto, has made a rare foray onto the world diplomatic stage this week with his first trip to a non-aligned summit in 18 years.

No-one is suggesting he is about to make foreign affairs the high priority of President Sukarno, his flamboyant predecessor, but a trip to Moscow at the weekend – the President's first visit to the Soviet Union – should further reinforce Indonesia's claim to *head the non-aligned movement when* Yugoslavia vacates the position in 1992.

Indonesian policymakers are clearly aware of the need for a more engaged foreign policy with the emergence of trade blocs in the West, the economic and political shake-up consuming the Communist world, together with improvements in East-West relations. There is also considerable interest in developments in China, with whom Indonesia is now set to restore diplomatic links, more than 20 years since Jakarta accused Peking of backing an abortive coup d'etat in the mid 1960s.

Indonesia, a founding member of this 103-nation organisation, is keen to see the movement project a more moderate leadership in the belief that this better serves the interests of developing countries at a time when



Suharto: integrity of Asean

the economic and technological north-south divide seems larger than ever.

It adds up to a hectic schedule for this little-travelled leader who, like many Indonesians, seems more inward-looking, at home with Javanese court protocol rather than the cut and thrust of international diplomacy.

Indonesia is a vast melting pot of Malay and Melanesian cultures, the world's largest archipelagic state stretching in an arc wider than the US. It is hardly surprising, therefore, to find that, not unlike Americans, many Indonesians seem more taken up with understanding each other than understanding the world outside.

Under President Suharto, the regime has clearly fostered this other-worldly image, in part to distance *itself* from the flamboyant and ultimately disastrous foreign policy adventures of the late Mr Sukarno. Many of today's politicians were junior officers at the time of President Sukarno's ill-fated confrontation with newly independent Malaysia.

While leadership styles have differed, many analysts suggest the heart of Indonesian foreign policy has barely changed since President Suharto came to power in the wake of the 1965 coup.

For all practical purposes Indonesia remains broadly pro-western, receiving substantial economic, military and diplomatic support. But, of all six members of the Association of South East Asian Nations, Indonesia is least hostile to Soviet overtures, while being ideologically staunchily non-aligned and dead set against further super power influence in its own region. As its economy has opened up, so the military leadership in Jakarta has made tentative moves to boost its own role in the region.

Indonesia is wary of any attempt to increase Japan's military presence – as suggested by the US. Jakarta reacted strongly following recent suggestions by Singapore to house US base facilities. Indonesia's long-term concern is growing *Chinese encroach*ment in the region, an economic and political rivalry which sometimes appears to have more to do with Indonesia's domestic ethnic Chinese problem.

A more assertive presentation would thus mark a radical change for a regime which for so long has appeared more preoccupied with internal security – fearing the spectre of a Communist revival, Islamic extremism or regional separatism.

Western diplomats are watching with some concern. Indonesia has a strategic role, controlling the sea lanes between the Indian and Pacific oceans. It is a vital source of oil and gas and other raw materials, particularly for Japan.

There are clearly prizes to be won. There are also risks for Indonesia. Officials are anxious not to reawaken regional sensitivities among much smaller neighbours. In particular, President Suharto is keen to reaffirm his commitment to the integrity of Asean – the non-communist economic grouping set up in the wake of the Vietnam War.

Asean diplomats contend President Suharto's deliberately low-key leadership has been an essential ingredient for stability in a region which has been one of the world's most dynamic *economic growth areas.*

If Indonesia's recent success in bringing the warring Cambodian factions to the conference table can now be translated into a lasting peace settlement for Indo-China, it would represent the best possible endorsement of Indonesia's more activist foreign policy.

Oil talks held at the Belgrade non-aligned summit may have given a push to efforts to heal divisions in the Organisation of Petroleum Exporting Countries that are jeopardising its bid to keep a floor under under petroleum prices, Reuter writes from Belgrade. Violations of output quotas were aired in bilateral talks in the margin of the summit among the leaders of Algeria, Indonesia, Kuwait, Nigeria and Venezuela.

Angola and South Africa hold talks

Mr Pedro de Castro van Dunem, the Angolan Foreign Minister, and Mr Pik Botha, his South African counterpart, have held talks in Maputo, the Mozambican capital Angolan, yesterday, Reuter writes from Lusaka.

Angolan national radio, monitored in Lusaka, said the two had met for three hours on Monday and discussed questions of security and economic development in southern African.

Adamson charge

A Somali tribesman has been charged with the murder of Mr George Adamson, the conservationist, and two of his employees in a remote game reserve in northeastern Kenya two weeks ago, Reuter writes from Nairobi.

Ethiopia talks

The Ethiopian government and its rebel foes, under growing pressure to end Africa's longest civil war, meet in Atlanta, Georgia today in search of peace, Reuter reports. Both sides said in advance they would make every effort to ensure the success of the talks, arranged by Mr Jimmy Carter, the former US President, in his hometown of Atlanta.

Nujoma goes home

Mr Sam Nujoma, president of South-West Africa People's Organisation for 29 of his 30 years in exile, will return to Namibia on September 14, a Swapo official said yesterday, Reuter writes from Windhoek.

AMERICAN NEWS

Bush strategy for bringing the drugs problem under control

Lionel Barber examines the report that describes narcotics abuse as a social, medical and economic catastrophe

THE Bush administration's report outlining its national strategy to combat drug abuse in the US calls the problem a crisis of national character. It portrays a wrenching picture of drug addiction among Americans.

Not long ago, drug use was widely thought of as harmless fun or isolated self-indulgence, the report says, but today it is seen, accurately, as a personal, social, medical and economic catastrophe.

Fear of drugs and attendant crime are at an all-time high. Rates of drug-related murders continue to rise. People convicted of drugs offences now account for the single largest and fastest growing sector of the Federal prison population.

The threat which drugs – particularly crack cocaine – pose to American public health has never been greater, the report states. Perhaps one half of all AIDS deaths are drug-related. As many as 200,000 babies are born each year to mothers who use drugs. Moreover, as the middle classes show signs of turning away from crack cocaine, its use is becoming concentrated among the young inner-city poor.

Drug trafficking, distribution and sales in the US have become a vast, economically debilitating black market, the reports states. One US Chamber of Commerce estimate puts annual drug sales at $110 billion – more than the total gross US agricultural income. But the report categorically rejects the idea that decriminalisation would ease the crisis.

Overseas, in South-East and West Asia, South and Central America and the Caribbean Basin, drug exporting networks and domestic drug use are causing serious social and economic disruptions, says the report. *Drugs have become an important concern of US foreign policy.*

Federal, state and local governments have repeatedly sought to concentrate dramatic responsive action against one or another point of the drug problem, first through law enforcement; later through a combination of education and treatment efforts; and most recently through heavy emphasis customs checks.

"But no single tactic will now get us out of the deepening crisis of cocaine addiction," the report concludes, recommending a national strategy requiring significant new resources: a request for budget authority in fiscal year 1990 totalling $7.864bn, a $2.2bn increase over the previous year, and the single largest dollar increase in history.

■ Criminal Justice Priorities: The administration will seek increased Federal aid to states and localities through matching funds to expand state and local criminal justice systems, including the courts, prisons, and prosecutors.

Effective street-level enforcement means dramatically increasing the number of drug offenders arrested, the report says. Expansion means more police and more prisons, but it also means enlarging the system as a whole. State and local officials must broaden their notions of what constitutes punishment, the report urges: "In many jurisdictions, the choice of criminal sanctions is between prison and nothing at all."

Dealers involved in large-scale trafficking need long prison sentences. For lesser, first-time offenders, military-style boot camps bring a sense of order and discipline. Casual users who maintain a job and steady income should face stiff fines; other alternatives include drivers' licence suspension, eviction from public housing, or forfeiture of cars.

■ Drug Treatment: Most of the nation's 5,000 drug treatment programmes fall under one of five categories: detoxification, usually in-patient; chemical dependency units, usually private in-patient; out-patient clinics which offer counselling; methadone maintenance programmes which treat heroin addicts with counselling and prescription of methadone; and support groups such as Narcotics Anonymous.

The vast majority (85 per cent) are in out-patient programmes. Generally speaking, treatment for drug addiction can work. But for many, treatment works only partially or not at all. Cocaine addition is especially difficult to treat; currently there are no treatment strategies comparable to heroin addiction. Moreover, only a very small percentage of heavy users are receiving treatment.

The problem is partly a lack of facilities. Many publicly funded programmes have long waiting lists. But in order to receive Federal funds, the states will be required to submit a plan which describes how funds will be allocated, the authors say.

■ Education, Community Action and the Workplace: The administration will require schools, colleges, and universities to implement firm drug prevention programmes and policies as a condition of eligibility to receive Federal funds. Each Federal agency will aim to ensure a drug-free workforce, with workplace inspections and investigations to see whether the use of illegal drugs is involved in accidents.

The report also suggests intensive media campaigns, such as the anti-smoking campaign of the 1970s which helped to cut teenage...

■ International Initiatives: The US is committed to stepping up pressure on the initial growers, producers and traffickers of illegal drugs. To that end, the additional military, economic and law enforcement aid is needed, boosting the total budget from $250m to $449m, including a $265m package for the Andean countries, Peru, Bolivia and Colombia.

The crackdown will aim to disrupt the cocaine traffic, reduce the supply of heroin and marijuana; and ban not only drugs but also the essential chemicals used in processing. European support will be enlisted to combat money laundering, trafficking, and to help the Andean countries. The administration also recommends a multi-agency Financial Targeting Group to help identify, freeze and seize drug-related assets.

■ Interdiction: The aim will be to pursue drug trafficking on land, sea and air – but with 355m people entering the US last year, the report recognises the difficulties in comprehensive interdiction. It recommends better intelligence gathering, new inter-agency teams and improved operations against money couriers and shipments.

Lastly, the report recommends creating a Drug Control Research and Development Centre to to improve the quality of information on drug abuse which is still inadequate.

In sum, the administration sets a goal of reducing current use of illegal drugs (use in the past month) by 10 per cent over the next two years. It aims to cut by 50 per cent over the next 10 years; the rate of increase in the number of people reporting weekly or more frequent cocaine use.

Among the 12-17 age group, which has registered the smallest fall in use, the aim is to cut consumption by 10 per cent over the next two year and 50 per cent over the decade.

National Drug Control Strategy, Office of National Drug Control Policy Executive Office of the President, Washington DC 20500 (Price $8.50).

Editorial Comment, page 30

DRUG RESOURCES FY1990, $m
AUTHORITY refers to spending that may take place outside the fiscal year
OUTLAYS refer to actual expenditure

	FY89 (Enacted)	Feb 9 Budget FY 90*	Feb 9 budget plus drug portion of crime bill**	DRUG STRATEGY Sept FY90**	89-90 increase: %	$
AUTHORITY						
Corrections	734	894	1,601	1,601	118	867
International	250	306	306	449	80	199
State and local grants	150	150	156	350	133	200
Judiciary	209	242	250	250	20	41
Other law enforcement	2,779	3,018	3,058	3,113	12	334
Prevention/Education	943	1,041	1,041	1,176	25	233
Treatment	604	735	735	925	53	321
Total	5,669	6,386	7,147	7,864	39	2,195
OUTLAYS						
Corrections	602	734	1,021	1,021	70	419
International	234	269	269	328	40	94
State and local grants	110	126	128	149	35	39
Judiciary	188	218	225	225	20	37
Other law enforcement	2,476	2,846	2,874	2,927	18	451
Prevention/education	682	949	949	1,001	47	319
Treatment	524	645	645	705	35	181
Total	4,816	5,787	6,110	6,355	32	1,540

* Includes resources presented in the "Building a Better America" document issued in Feb 1989.
** Includes drug portion ($0.8bn) of the president's' $1.2bn Crime Initiative, announced in May 1989.
Source: National Drug Control Strategy

Colombian approval is qualified

By Sarita Kendall in Bogota

THE COLOMBIAN authorities have welcomed President George Bush's commitment to attack drug demand and distribution in the US, but the support promised for the Andean region falls far short of requirements. "It's about a tenth of what we need," said the commander of a police narcotics company in a cocaine producing area of eastern Colombia.

Apart from helicopters requested earlier by the police, most of the equipment sent by the US for President Virgilio Barco's drug war has gone to the military, who do not have a strong record in this field. Anti-narcotics specialists consider that neither the large aircraft nor the light combat planes are effective in current operations.

President Bush said he would allocate $250m over the next year for military and judicial support in Colombia, Peru and Bolivia. But the drug war is expected to cost Colombia alone more than this, at a moment when export income is dropping by at least $200m.

On the question of possible death penalty for trafficking barons – Colombians have pointed out that recent decrees exclude the extradition of nationals if penalties are not similar to those approved by Colombian law, and there is no death penalty in Colombia.

Japan provides $2bn loan for Mexico

By Richard Johns in Mexico City

TOKYO is extending fresh credit of $2.05bn to Mexico, of which $1.4bn will be devoted to supporting the rescheduling and reduction of the country's commercial bank debt, Mr Toshiki Kaifu, the Japanese Prime Minister, announced during his official visit which ended yesterday.

This majority portion of the loan would be available from the beginning of next year and the facility as a whole was for a three-year period, he explained.

On the eve of his departure, after what appears to have been a highly successful visit to Mexico City, Mr Kaifu did not say how the remaining $650m was to be utilised. But at a press conference he made it clear that no agreement had been reached on aid for anti-pollution programmes.

He also revealed that Japanese oil companies and power utilities had agreed to purchase 180,000 barrels a day of Mexican crude for a further five years. The current 10-year contract expires at the end of 1988. Japanese oil customers would make no repayments under the new five-year supply agreement, Mr Seichi Kondo, a Japanese Foreign Ministry spokesman said.

He added that the Mexican Petroleum Import Company – a consortium of refiners, trading companies and banks formed in 1979 at the height of the oil crisis to conclude the expiring 10-year deal – would be dissolved.

Mexico had hoped for another 10-year arrangement but during a prolonged visit to Japan early in June Mr Francisco Rochas, director-general of the state oil corporation, Petroleos Mexicanos, failed to secure one.

Japan's $1.4bn contribution to the reduction of Mexico's public debt to the commercial banks is part of a co-financing, debt-enhancement operation involving the International Monetary Fund, and the Inter-American Development Bank. It will provide Mexico with about $7bn, which is required to purchase US Treasury zero-coupon bonds.

These will be used as collateral for the 30-year securities to be issued by the Government in exchange for old debt – whether they choose the option of a 35 per cent cut in principal or a reduction in interest rates to 6.25 per cent, under the outline accord reached on July 23 with its 15 leading creditors.

On the question of environmental improvement of the Valley of Mexico, the most contaminated area in the world rapidly approaching disaster proportions, Mr Kaifu said that Mexico had submitted 15 different projects.

Initial discussions were held by officials in June and a Japanese technical mission would be visiting Mexico for more detailed discussion in next month.

IMF may ask Peru to quit

PERU may be asked to withdraw from the International Monetary Fund if it does not respond to an expected plea to make payments on its debts to the Fund, Reuter reports from Washington.

Mr Michel Camdessus, its managing director, told President Alan Garcia's Government that the IMF board could approve a "declaration of non-compliance with obligations to the Fund" if Peru did not make payments on its $750m debt.

In a letter, Mr Camdessus also said that if Peru still refused to pay, the ultimate step would be a "declaration of compulsory withdrawal" – a virtual expulsion from the IMF. Both steps would be unprecedented.

Petrobras delays tax in price war

By Ivo Dawnay in Rio de Janeiro

PETROBRAS, Brazil's state-owned oil company, has adopted guerrilla tactics in its on-going war with the Government over pricing policy by delaying the payment of taxes.

After months of fruitless efforts to win substantial real price rises, Mr Carlos Sant'Anna – the corporation's fourth president in as many years – has ordered the delay of a regular monthly payment to the national Merchant Marine Fund.

While the $20m sum is largely symbolic, the decision represents a shot across the bows of the Government from a company celebrated for its professionalism, patriotism and triple-A credit rating.

Petrobras is itself owed hundreds of millions of dollars by less respected state companies, such as the electricity utility, Electrobras, and by suppliers of sugar alcohol products. But this is the first time the oil company has taken similar unilateral action.

Behind the move lies an increasingly bitter dispute with President José Sarney's administration over fuel pricing. Attempts by the Government to hold down the country's 30 per cent a month inflation rate have meant Petrobras has had to sell imported oil at a big loss.

By mid-July the company had accumulated $500m in losses through selling oil costing about $18 a barrel at prices equivalent to $15. Total unpaid debts and losses related to pricing policies are said to exceed $1bn.

At the same time, the company's exploration budget has been cut by $900m to $1.7bn.

The cash flow crisis has forced Petrobras, which achieved sales of $16.5bn last year, to delay paying a first half dividend, despite profits of $369m.

However, last month Mr Sant'Anna revealed that the company was now encountering difficulties raising short-term credit lines abroad – a consequence of Brazil's increasingly precarious relationship with foreign creditors.

WORLD TRADE NEWS

Panamanian shipping escapes US sanctions

THE SWORD of Damocles hanging over the Panamanian Ship Registry has apparently been restrained until further notice, Tim Coone reports from Panama City.

Until yesterday, new US economic sanctions being considered against Panama included a possible ban on all ships flying the Panamanian flag from entering US ports. "It would have been an irreversible measure," said Dr Hugo Torrijos the director-general of SECNAVES, the authority which oversees Panama's shipping registry.

"However our lawyers in Washington have been told by US State Department officials that they are recommending against such action being taken," said Dr Torrijos who then joked with a friend over the telephone: "It seems I'm not looking for a new job yet."

Panama's ship registry recently achieved second place in the world's shipping league. At the end of last month 12,149 ships were registered as flying the Panamanian flag, grossing 66.3m tons.

The registry brings a direct annual income of $30m to the Panamanian Treasury and a further $50m in fees charged by agencies, lawyers, and company representations in Panama for the purposes of registering ships of foreign-based companies.

US economic sanctions in force since last year have been designed to target government income and thereby weaken the Government controlled by General Manuel Antonio Noriega.

According to Dr Torrijos, 57 per cent of the registry tonnage is owned by Japanese companies, 10 per cent in Hong Kong and 9 per cent in the US.

All would be hit severely by having their ships banned from US ports – probably forcing them to change to another flag of convenience. For a US shipping company, the advantage of a flag of convenience rather than flying the US flag is that its ships can be built abroad and therefore more cheaply and its crews can be foreign, thus lowering labour costs. Similar advantages exist for Japanese companies.

For SECNAVES a US ports ban would have meant the loss of a big part of its business as shipowners deserted to competitive flag registries in Liberia, Greece, Cyprus, the Cayman Islands and elsewhere.

Commenting on the reprieve, Dr Torrijos said: "There is a sense that the problems between us are only temporary ones." A normalisation of relations between the US and Panama would not necessarily bring lost business back to Panama, he said, as other registries would fight to keep newly-won tonnage. This would have created an unnecessary economic burden on a new Government with which the US might wish to work. The argument has apparently been successful, together with the concern that a ban might be viewed as "political meddling in an international industry", especially in Japan and Asia. There, trade frictions with the US are already disturbing bilateral political relations.

The US Government refuses to recognise the provisional government in Panama sworn into office last week. According to US officials, only the removal of Gen Noriega, who has been indicted in US courts on drug trafficking charges, from the head of the armed forces is likely to improve relations.

The US sanctions announced on Monday include a blacklist of 150 persons, mostly Panamanian government officials, with whom US government agencies are now prohibited from having commercial dealings. Dr Torrijos is on the list.

Further sanctions may still be imposed.

Delhi finds fault in export zones

By David Housego in New Delhi

INDIA is finding that export processing zones are an inefficient way of boosting exports.

A report by the Comptroller and Auditor General shows that the country's second largest free trade zone, at Kandla in Gujarat on the west coast of India, has been costing the country foreign exchange because components have been imported from hard currency countries in the West while exports were made to rupee payment countries – predominantly the eastern bloc. The net outflow of foreign exchange over the five years to April 1988 was Rs6bn ($240m).

At Kandla and at Santa Cruz, near Bombay, India's largest export zone, almost a quarter of the established units closed down over the five years.

Among the reasons for the closures were difficulties in marketing, withdrawal of support by foreign collaborators, disputes among partners and labour troubles.

Though nearly Rs1m was spent by the Government on the zones in the period up to 1988, they accounted for only a meagre 2-3 per cent of India's exports.

Export processing zones are areas where manufacturers are granted favourable tax and duty concessions to establish export-oriented units to boost foreign exchange earnings and employment. In a controversial project, Coca Cola has been negotiating for months with the Indian Government over putting up a plant in the Noida zone, near Delhi.

Coca Cola is seeking to market 25 per cent of its output of concentrate in India while exporting the rest.

The report says that despite numerous incentives from the Government, the number of units established fell far short of the approvals accorded.

The Auditor General comes down heavily on "inadmissible concessions" by companies importing goods duty free and providing negligible value added in the zone. As compared with an Indian requirement of 50 per cent value added, the average for companies at Kandla had dropped to 31 per cent two years ago.

Japanese remain sceptical over value of US talks

By Robert Thomson in Tokyo

US trade representatives at the just-completed opening round of talks on the Structural Impediments Initiative told their Japanese counterparts several times: "This is a two-way street." The message was that, just as Japan must be open to structural suggestions, the US is willing to contemplate its economic navel in the interests of balanced trade.

Unfortunately, many Japanese officials already regard SII as a dead-end street, despite the bilateral agreement yesterday that two days of presenting respective complaints was a useful, if not cathartic, experience. The talks, sceptical Japanese argue, are another Washington attempt to be seen to be doing something about a bilateral trade deficit that was $51.4bn in 1988 and is likely to be around $55bn this year.

The US approach this week was at least more sophisticated than taking sledgehammers to Japanese consumer durables. Presenting themselves as the advocates of Japanese consumers, the Washington negotiators showed that they have at least understood that Tokyo does not take kindly to bullying and that a vote-conscious ruling Liberal Democratic Party will be more prone to prod the country's bureaucrats to reform if it senses that the US demands echo a consumer chord.

Those changes, as presented during the talks, include an increase in infrastructure spending, a study of why Japanese products are more expensive here than abroad, reform of the distribution system, and encouragement for Japanese to save less and spend more, preferably on products made in the US.

But SII is a two-way street and the Japanese would like Americans to spend less and save more, to overhaul manufacturing capacity, to revise the education system with the aim of producing graduates better qualified to compete in the world market, and to ponder on the side-effects of a predatory stock market mentality that seems to encourage a focus on short-term profit.

Most of the Japanese concerns touch on matters, education and the like, that are rather sensitive political issues in the US. If Tokyo was to insist on a policy tit-for-tat, SII could become a far more volatile programme than the market-opening exercise that the US representatives actually intend it to be.

An official at Japan's Ministry of International Trade and Industry said that the feeling from the US side was that Japan has the licence to list complaints, but they will not be taken too seriously as the last line of US defence is the bottom line – Japan's $50bn bilateral surplus. He said that when issues were raised during the talks, US negotiators agreed the matters were of concern, but argued that the necessary policy changes had already been made.

Hanging over the heads of the Japanese representatives is Super 301, the punitive section of the US trade act that has been put on hold while SII runs its course through to next summer. The stimulant of threat was kept to a minimum this week, and Mr Richard McCormack, US Under-Secretary of State for Economic affairs, emphasised that the meeting was "constructive".

While the US was careful to make clear that it was simply articulating concerns already raised by Japanese consumers, Mr Ryutaro Hashimoto, the Finance Minister and a particularly astute politician, said that the US was "strong" in attitude: "I understand the US desire, but this is not a forum to obey US orders."

The doubts of Japanese about the worth of SII are well-presented by Dr Masaru Yoshitomi, director-general of the economic research institute of the Economic Planning Agency, who said that "politically, the talks are very important", but, economically, "they will not produce much".

"The target of the talks is the short-run, so by their nature, they will produce short-run results for macro-economic problems," Dr Yoshitomi said.

Medicine groups prescribe urgent treatment

Pakistan's pharmaceutical companies demand a price rise, writes Christina Lamb

THE pharmaceutical industry of Pakistan is facing its worst crisis, according to local and multi-national manufacturers. The refusal by the Government to allow price increases in the last three years has made one of the country's most profitable industries virtually loss-making.

Forty pharmaceutical units out of 230 have closed while 50 others have finalised plans to do so. The rest are running at 60 per cent utilisation.

According to Mr Khalid Waheed, chairman of Pakistan Pharmaceutical Manufacturers association, "the past five years of misguided policy, obdurate bureaucracy, over-regulation and destructive inaction has brought the industry to the point of imminent collapse".

The crisis is not only affecting local companies but the 32 multi-nationals operating in Pakistan which control more than 75 per cent of the market. Dr S.M. Habib, chairman of Wellcome Pakistan, the largest multi-national in Pakistan, and president of the Overseas Chamber of Commerce, describes the situation as "extremely grave".

Profits were down from 19.4 per cent in 1984 to 2.2 per cent last year and Dr Habib believes this year there could be a loss. Many multi-nationals such as Fisons are dropping expansion projects.

In 1988, out of 12 pharmaceutical companies listed on the Karachi stock exchange, Hoechst incurred Rs42m (£1.6m) losses, Sandoz Rs31m, Wellcome Rs28m and Ciba Geigy Rs4m. Mr Mahmood Ali, managing director of Beechams Pakistan, predicts losses of Rs575m for multi-nationals in 1989.

Mr Ali says that in the last year alone the cost of importing raw materials has gone up to Rs3.5bn from R2.9bn for the same quantity.

'There are 2,000 drugs waiting to be registered and money and influence are dominant in securing price increases'

The problems have been caused by the refusal of the Health Ministry, which controls prices, to allow an increase in the price of pharmaceutical products, while the cost of production has increased substantially.

Import duties levied on colourings and packaging are also blamed.

Almost all raw materials are imported and, since the Government last allowed price increases, the rupee has seen a devaluation of 70 per cent against the dollar and 180 per cent against the yen.

According to a document produced by the pharmaceutical companies, "costs of production have gone up 67 per cent in the last three years while the prices of medicines have only been allowed an average 6.5 per cent increase. If the Government does not act, the outcome will be total chaos, shortage of drugs, floods of fake medicines and millions rendered jobless."

Mr Yasmeen Ahmad, secretary general of Pakistan Medical Association, complains: "In the last five years meat has gone up by 80 per cent, tea, milk and newspapers by 60 per cent. Surely there is justification for increasing prices of medicines."

The Government's argument for rejecting the industry's demand for an immediate 15 per cent across-the-board increase and subsequent decontrol of pricing is that prices of drugs are higher than in many Third World countries. However, the PPMA has produced comparisons of hundreds of common drugs showing that in fact Pakistan prices are much cheaper and it says that many visitors take back suitcases of medicines.

Of Pakistan's 9,000 registered drugs, more than 3,000 are imported and, according to government statistics, of Pakistan's Rs8bn drug market, Rs3bn is spent on imported raw materials, packaging and finished goods. Until 1987 there was an automatic annual price adjustment on imported medicines according to the exchange rate prevailing on the July 5 that year. This year the Health Ministry sent multi-nationals letters announcing that they were restoring this facility but two weeks later, under pressure from local companies, decided to cancel it.

The government reasoning is that to encourage manufacture of raw materials in Pakistan imports should be made more expensive. Glaxo is the only multi-national producing raw materials though Wellcome is constructing a plant, but Khalid Waheed, chairman of Ferozsons, Pakistan's biggest local company, argues: "Basic raw materials are taken from the petrochemical industry which does not exist in Pakistan, and the size of our market means a big plant would be uneconomical."

Both nationals and multi-nationals have called for "a realistic and reasonable pricing formula, self-regulating and free from bureaucratic bottlenecks". The system of pricing and registration of drugs is totally ad hoc, the industry having no say in the matter. There are 2,000 drugs waiting to be registered and money and influence are the dominant factors in this and securing price increases.

Even Mr Tariq Sohail, the Adviser on Health, complained to the Prime Minister: "Since the Government took charge, the Health Minister has been making public statements giving assurances about reducing drug prices but nothing has been done. Instead in the last two months price increases have been allowed to selected companies in a discretionary manner."

Ms Bhutto's People's Party government is not strong enough politically to withstand demands that medicine prices be raised yet its manifesto commits it to reducing the cost of vital drugs. But manufacturers such as Mr Waheed argue: "Why should we bear the brunt – they put subsidies on wheat, why not on drugs ?"

After a meeting with Ms Bhutto, Dr Habib is hopeful that the Government will act and says she indicated a step-by-step adjustment. He points out that Pakistan desperately needs private investment and "at present there is no foreign investment in what elsewhere is on of the world's most profitable industries".

For their part, the manufacturers have offered to reduce *the cost of certain essential* drugs if an across-the-board price increase is given. Mr Waheed warns: "If the situation is not revised, the entire industry will close, causing the loss of 200,000 jobs, Rs20bn investment, and Rs60bn in foreign exchange."

…OUSANDS …ADS …ON …ALOGS …WORTH

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Government threatens to shelve UK water flotation

By Richard Evans

THE GOVERNMENT has told water company chairmen that *it is prepared to abort the flotation* of the industry in November if they fail to give full and unified backing to the privatisation proposals.

In an extraordinary behind the scenes confrontation this week, Mr Patrick Brown, head of the Environment Department's Water Command, told the 10 water company chairmen that an agreement to act in concert on the flotation had not been honoured.

He warned them to stop promoting their companies separately and to stop briefing the media *individually and independently* or risk the abandonment of the current privatisation proposals. The assumption within the industry, however, is that the planned flotation will go ahead as planned in late November.

But industry leaders have been taken aback by the vehemence of the warnings against acting individually, and the sensitivity of ministers, civil servants and advisers on the success of the flotation.

Mr Brown told the chairman *that the Department had* decided to float all 10 companies together at the behest of the chairmen, and one condition that had been agreed was that given a single flotation, there would be no promotion of one company over another.

Mr Brown insisted the Government was not necessarily so committed that it could not pull out even after the flotation advertising campaign had started. It would not lose face as it had established the National Rivers Authority, and the new water companies could *be owned by the Department* until the time to float them was right.

● The Government yesterday launched a national campaign to sell shares in the water industry to the public with the slogan "You could be an HOwner." It forms part of a national marketing exercise in the run-up to the flotation, scheduled for November, writes Andrew Hill.

A share information office and national television advertising also marked the marketing *of the £5bn to £7bn flotation*. J. Henry Schroder Wagg, financial adviser on the separate but simultaneous flotation of the 10 English and Welsh businesses, confirmed that all would be sold at a common price. But there will be differences in yields provided by shares in the different businesses.

Overseas offerings also seem likely to form part of the flotation. Schroders yesterday said it was "actively investigating" the possibility in Continental Europe, Japan, Canada, as well *as the US, which it had earlier* been thought might be excluded. The offer will also be open to people who are not customers of the businesses, principally those living in Scotland and Ireland.

Institutional investors will be able to purchase shares in a package after the sub-underwriting has been completed, in addition to being eligible for shares in the individual businesses.

New car registrations increase to record high for single month

By Kevin Done, Motor Industry Correspondent

NEW CAR registrations in Britain increased 4.78 per cent in August to 500,112, the highest figure in a single month in the UK car market.

The big jump in interest rates and general slowdown in the UK economy have still to have any marked effect on UK car sales and car registrations are now certain to reach a record level for the fifth successive year beyond the 2.216m achieved last year.

For the first eight months, car registrations were 5.85 per cent higher than a year ago at 1,747,608, according to figures released yesterday by the Society of Motor Manufacturers and Traders (SMMT).

August is the most important car sales month in the UK and alone accounts for more than a fifth of total annual British car sales, as car buyers time their purchases to coincide with the change of registration number prefix.

Imports accounted for more than six of every 10 cars bought last month, with a market share of 60.18 per cent compared with 61.02 a year ago. Private purchases in August pushed up the market share of imported cars.

In the first eight months of the year imports captured 56.91 per cent, compared with 56.58 per cent last year.

Vauxhall, the UK subsidiary of General Motors, was one of main winners last month, increasing its market share to 13.9 per cent from 12.08 per cent a year ago. Rover, the British Aerospace subsidiary, has suffered a further decline in its fortunes with its market share in August dropping to 12.97 per cent from 14.77 per cent, while Ford consolidated its position in August as the dominant UK market leader increasing its share to 27.03 per cent.

Canadians take slice in pizza market

By Ian Hamilton Fazey, Northern Correspondent

A £10m FACTORY is to be built in the north-west, creating 200 jobs, to sell pizza cases in Britain, West Germany and France. This will follow the acquisition, announced yesterday, of Halls European Foods of Chorley, Lancashire, by the Canadian-based Pasquale Custom Food.

It is the first food company acquisition in Europe by Pasquale's parent, the J.Labatt group, which is better known for lager than pizzas. The price of the acquisition has not been disclosed.

Both companies specialise in "own label" manufacturing with Halls' pizzas are more likely to be labelled "Asda" than anything else. Pasquale's are sold under many different names from 7,000 supermarket delicatessens and 10,000 fast food counters in Canada and the US.

Mr John Sanford, Pasquale president, summed up an image problem faced by both companies. "We are the largest manufacturer and distributor of fresh pizza ingredients in the world but no one has heard of us," he said.

Mr Denis Halls and his wife Valerie caught Pasquale's eye because their understanding of the developing market niche for fresh, custom-made pizzas had seen their company's turnover grow from nothing to an unspecified "tens of millions of pounds" in just over two years. The price of the deal is to remain secret. Mr Halls says that Europe is about two years behind Britain in development of the fresh pizza market, with France slightly farther back. The US is two years ahead.

New infrastructure plans for docklands

By Kevin Brown, Transport Correspondent

THE London Docklands Development Corporation and the Tower Hamlets borough council yesterday announced plans to co-operate on major new infrastructure projects in docklands.

The corporation – the planning authority for docklands – said a legal accord signed yesterday would help ease the construction of vital access roads to the area.

The immediate impact will be on planning permission for the Limehouse Link, a £150m four lane highway from the City to the Isle of Dogs, in the heart of docklands.

The corporation has shortlisted three developers for the link, which will be built mainly in a tunnel under Tower Hamlets. The contract is expected to be awarded shortly.

In return for the borough's co-operation, the corporation will spend around £100m on rehouse council tenants affected by the link, and helping to finance local training and education projects.

The Limehouse Link and several other road projects are regarded as essential for the success of docklands – the biggest urban redevelopment project in Europe.

● The companies behind a proposed £500m property development on the Isle of Sheppey, Kent, were yesterday put into the hands of receivers.

Tudor Grange Group and Lionhope, both controlled by Mr Don Crawley and his family, have liabilities of £70m, said Mr Tony Houghton, one of two receivers from Touche Ross. Most of the money is owed to an unnamed US and a Scandinavian bank.

Mr Crawley's group of companies is founded on a scrap metal business, London Iron and Steel.

Democrat leaders back European monetary union

By Philip Stephens, Political Editor

THE SOCIAL and Liberal Democrats yesterday put a commitment to European Monetary Union and a radical reshaping of British industry's board structures at the centre of the party's economic policy.

In a consultation document which the party leadership expects to be translated into party policy after discussion at next week's conference in Brighton, the Democrats said that first priority was full British membership of the European Monetary System.

Mr Dick Taverne, the chairperson of the party's working group on the economy, said that such a move should be the precursor to acceptance of the proposals of Mr Jacques Delors for eventual monetary union.

The party's Green Paper on the economy suggests that Britain should actually go further than Mr Delors has suggested with European-wide regional and structural policies.

Mr Alan Beith, the party's Treasury spokesman added that the aim, which would include the eventual siting in London of a single European central bank, was to "provide a secure framework within a fully united Europe for British industry in Europe".

Brittan examines power sell-off

By Maurice Samuelson

SIR LEON BRITTAN, the European Community Commissioner for Competition, is studying whether the plans to privatise Britain's electricity industry are compatible with EC rules on competition.

However, officials in Brussels and London yesterday played down suggestions that the probe would set back the *privatisation by several* months and a claim by Mr Tony Blair, Labour's energy spokesman, that the EC move "potentially could scupper the whole sale."

The Commission's involvement was revealed yesterday by the Council for the Protection of Rural England, which released a letter from Sir Leon's department promising an investigation into the way nuclear power would be subsidised after privatisation by a levy on power generated by fossil fuels.

Ms Fiona Reynolds, the council's assistant director, said the Commission's investigation would begin only when it was notified of the *Government's plans. It would then* take four to six months, possibly longer, causing delay and uncertainty which could have serious implications for the Government's privatisation programme.

Vesting Day for the privatised industry will be on January 1 1990. The first flotations of the 12 area distributors in England and Wales are due to take place next May.

This timetable is under pressure, however, because of lack of agreement between the distributors and the generators.

Last night, the Department of Energy said its talks with the European Commission had been proceeding for months and it was "confident" that the *Electricity Act*, passed by parliament in July, would prove compatible with the UK's obligations to the Community and the sale of the industry would not be delayed.

In Brussels, officials appeared reluctant to intervene in what they saw as an internal British political argument.

In Brief

Immingham dockers agree not to strike

By Jimmy Burns

DOCKERS at the joint port of Immingham and Grimsby, one of Britain's largest ports, have signed what is thought to be the first no-strike deal in the industry.

A specific no-strike clause has been included in a pay and conditions package covering 80 dockers who work at the port's main terminal operated by British Steel and British Coal.

It states: "Management and unions accept that there will *no lock-out, strike, or other* industrial action contrary to the terms of this agreement."

Radioactive leak

BRITISH Nuclear Fuels, the UK reprocessing company, confirmed yesterday additional low level radioactive liquid had been discharged into the Irish Sea at its Sellafield, Cumbria, nuclear reprocessing plant as a result of an instrument fault.

Extra monitoring of local beaches is being carried out following the incident on Tuesday when a fault occurred on a discharge tank. "There was no risk to anyone or the environment," said a BNFL spokesman. But Mr Philip Cade, nuclear campaigner for Greenpeace, the environmental organisation, said radioactive waste had been "pumped into the Irish Sea for nearly four decades."

Shipyard investment

THE Northern Bank, Northern Ireland's largest clearing bank, announced yesterday it was increasing its investment in the buy out of Harland and Wolff, the Belfast shipbuilder, by 50 per cent to £150,000.

The disclosure led to speculation that shares bought by employees might not total the £2.35m required to ensure the buy out proceeds.

Grade warning

MR Michael Grade, chief executive of Channel 4, yesterday delivered his strongest warning yet on the threat posed by television sponsorship to editorial independence.

It came as it was revealed that London Weekend Television, the company where Mr Grade was once director of programmes, is looking for around £1m in sponsorship money for the South Bank Show.

Britoil pair guilty

FORMER lovers who tried to defraud Britoil, the UK oil company, of £23m were jailed for five years each at the High Court, Aberdeen, Scotland.

The jury found company director Mr Royston Allen, 36, guilty of attempted fraud. Former Britoil cashier Mrs Alison Anders, 31, pleaded guilty.

Opencast decision

NSM, one of Britain's biggest private opencast mining companies, has welcomed the Government decision to relax the restrictions on coal mining in sites licensed to private operators by British Coal.

Mr John Wakeham, Energy Secretary, has told the industry that he intends to raise the volumes from 25,000 tonnes to 250,000 tonnes per licence.

Eviction plan

Lending institutions using residential property as security for loans may be forced to bear cuts in their income under proposals being considered by the Labour Party designed to halt the rise in evictions following arrears in mortgage payments.

Race bias appeal

PUBLIC agencies must address "inherently discriminatory assumptions" if health and welfare provisions for Britain's ethnic minority communities are to improve, Mr Michael Day, chairman of the Commission for Racial Equality, said.

Electrical pressure

COMMERCIAL pressure after privatisation of the electricity supply industry will be for small generating units, the Town and Country Planning Association told the Hinkley Point C Inquiry in Somerset yesterday.

Message understood

The message of well-known television advertisements such as the series of ads for British Telecom can be understood by viewers even when played fast forward on a video, researchers have found.

Mail inquiry

THE POST Office's letters monopoly should be investigated by the Monopolies and Mergers Commission because it is failing to deliver the post on time, according to Which?, the magazine of the Consumers' Association.

Unions seek 1992 entente cordiale

Organised labour aims to overcome frontiers, writes Jimmy Burns

IT was the warm welcome extended at last year's TUC congress to Mr Jacques Delors, president of the European Commission, which symbolised a turning point in the British trade unions' traditionally hostile approach to Europe.

Mr Delors' commitment to securing balanced economic development throughout the Community and a social dimension based on a charter of statutory basic social rights became a convenient rallying cry for the union movement after a decade of Thatcherism.

The British unions' sense of power and purpose has been further boosted in recent months by the results of the European elections and the *publication of the Commission's* draft Social Charter.

Mr David Lea, the TUC assistant general secretary with responsibility for Europe, said: "Politics have gone very well and we have been able to prove we mean business."

But, as Mr Lea is the first to admit, that is far from being sufficient to ensure that 1992 is a social as well as an economic success. "We don't want to be romantic. There is a need to explain some hard facts about 1992," he says.

David Lea: 'means business'

The European trade unions' sense of unity of purpose is struggling in the face of different national trade union cultures, increasing competition and the economic restructuring of the 1992 programme.

Among continental European trade unions, it is the giant West German metalworkers' union, IG Metall, which has been most forceful in backing the idea of transnational works councils in response to the greater mobility of capital expected after 1992.

Unions at Airbus Industrie have already announced the formation of a transnational works council, and there is growing co-operation between IG Metall and Britain's AEU engineering union in developing common strategies on issues such as a shorter working week.

But union co-operation could be undermined by business competition. IG Metall members are among the best paid in Europe but the threat of companies moving to southern Europe where wage costs are lower may force them to accept pay cuts or lose jobs.

The dilemma is already facing southern European workers. Mr Jose-Maria Zusiaur, an executive member of Spain's socialist trade union, Union General de *Trabajadores* (UGT), believes the process by which social issues are being swept aside by an influx of foreign investment is already happening in his country.

He calls it the "prologue to 1992," and warns that unless trade unions adopt a common approach, the single market could represent "collective suicide" for organised labour.

The UGT says it is as interested in 1992 as the TUC. But faced with a social security budget 10 per cent below the European average, and 25 per cent of the workforce working on short-term contracts, the union believes it has no time to waste urging change in Spain.

"It is an unfortunate fact but we are very taken up with our own internal problems at the moment," says Mr Zusiaur.

For the UGT, the ease with which competitive pressure can pitch one worker against the other was only too clearly illustrated by last year's strike at Ford UK. While British workers were on strike in pro*test at a three-year pay and* conditions offer, their Spanish brothers in Valencia voluntarily agreed to work overtime.

In common with his French and Italian colleagues, Mr Zusiaur believes in a centralised trade union authority capable of collectively negotiating terms and conditions for all European workers.

By contrast, British and West German unions believe that because of the big differences in national bargaining systems, international pay bargaining is not feasible.

European unions generally agree on the bottom line: a European framework law governing industrial relations, including a reduction in working hours, health and safety, parental leave and childcare, and vocational training.

Code on industrial action to be amended

By Charles Leadbeater, Labour Editor

THE Government has dropped the most controversial clause in its planned code on ballots over industrial action and significantly amended a further clause which recommended postal ballots before strikes.

The code, to be published next week, has been amended after a consultation excercise earlier this year. Unions will not be required by law to follow the code. But any breach of its provisions could be used against a union by an employer seeking an injunction to prevent industrial action.

Union leaders criticised the draft code for significantly tightening up the law on pre-strike ballots.

However the most controversial proposal, that there should be at least a 70 per cent turnout in a ballot before a union called industrial action, has been dropped. The draft code had said that even ballots which won a majority for strike action might not accurately represent the views of all the workers involved, if a minority of them voted in a low turnout poll.

The final version of the code will say that unions should carefully consider whether to call a strike if there is a very low turnout in the ballot.

A proposal that there should be postal ballots before strikes, rather than secret ballots at the workplace, has also been significantly amended. The draft code said postal ballots should be adopted where all the union's members were involved and in other cases where it was practicable. The final version of the code will recommend unions should consider postal ballots, *but* gives its far less prominence.

Much of the remainder of the code has been retained, although in simpler terms than in the draft. It says unions should exhaust conciliation procedures and consider approaching Acas, the conciliation service before planning a ballot. Its other main provisions are that the vote should be conducted in accordance with employment laws, employers should be given prior notice, and unions should ensure proper procedures for voting and counting.

The code's publication will fuel debate within the union movement over the Labour Party's approach to industrial relations law.

● The Trades Union Congress' conference meeting in Blackpool voted for a motion opposing privatisation, but accepting the Labour Party's revised policy of a flexible approach to public ownership of utilities which have been nationalised.

Universities 'face science crisis'

By David Thomas, Education Correspondent

BRITISH universities may have to lower the standards of science and engineering degrees in order to avoid a national crisis in technical manpower, one of Britain's leading scientists said yesterday.

The warning by Sir Sam Edwards, director of Cambridge's Cavendish physics laboratory, comes ahead of the annual meeting next week of the British Association for the Advancement of Science, of which he is president.

"There is emerging a national crisis in scientific manpower. It is a crisis which means that we are not producing enough scientists for the nation's needs," Sir Sam said.

He suggested lowering the standards of science and engineering degrees as one way out of the problem. "The present standards of our degrees are far too high. They are immensely difficult."

He argued that many people were put off studying science and engineering by the amount of material crammed into the courses. Many others who did the subject at degree level found the stresses so enormous that they switched to a career in commerce after leaving university.

Sir Sam said the crisis in scientific manpower showed through not just in the number of graduates emerging from British universities, which has stood up well in most scientific disciplines though not in engineering during the 1980s. The problem was that many graduate engineers and scientists chose non-technical careers.

Sir Sam criticised the "appallingly low" grants given to post-graduate science researchers. They received only £4,600-a-year – far less than in France or Germany.

● A SHORTAGES of computer specialists in one type of information technology in the UKhas led International Computers (ICL) to set up a training development centre in the Republic of Ireland.

It will be ICL's first centre specialising in Unix software, an operating system that controls internal workings of the computer.

Intasun to cut 300,000 holidays

By David Churchill, Leisure Industries Correspondent

INTASUN, Britain's second largest package tour operator, yesterday announced it was cutting 300,000 holidays from its summer 1990 holiday programme.

The move is in line with the cuts announced by other leading tour operators, including Thomson Holidays which is cutting 500,000 holidays from its programme.

At the same time Intasun announced it was increasing prices by an average of 9.7 per cent, with Spain costing 11 per cent more but prices for Greece only 8 per cent higher than last year.

Mr Harry Goodman, chairman of the International Leisure Group which owns Intasun, said yesterday that the price rises reflected the new realism in the travel industry.

"This is not a one-year effort in restoring profit margins and we will look for further increases in the early 1990s," he said.

Intasun's move follows a poor year for the package holiday business, with sales this summer some 10 per cent lower in volume than in 1988.

Intasun and other tour operators blame higher interest rates for much of the downturn.

Increase reported in women directors

By Michael Skapinker

THIRTEEN of the top 100 UK industrial companies now have women on their boards of directors, compared with nine in 1986, according to a survey by the Ashridge Management Research Group.

Of the top 200 companies, 21 have women directors. A total of 24 women sit on the boards of these companies, but only six are full-time executive directors. The others are part-time or non-executive.

The companies which have appointed women to their boards since 1986 include British Gas, British Rail, Marks and Spencer, Sears, British & Commonwealth Holdings, British Nuclear Fuels and Peugeot Talbot. Some 52 per cent of women directors are in the service sector.

● SIX more women will join the Trades Union Congress' ruling General Council taking the number of women on the 54-strong council to 15. The increase in the number of women was the main change produced by the elections carried out under the revised rules adopted by congress on Monday.

Council homes in on care reforms

Facilities for Wirral's elderly are facing upheaval, writes Alan Pike

COUNCILLORS in the Merseyside borough of Wirral, north-west England, will next week consider selling their entire stock of old people's residential homes in response to Government proposals for the reform of community care.

The idea, which has provoked angry local opposition, is the first of many potential controversies around the country as councils begin considering the best ways of taking on new responsibilities for organising the care of elderly groups in the community.

In July, Mr Kenneth Clarke, *Health Secretary, announced* that the Government is to implement the central recommendation of the Griffiths Report on community care. This will give local authorities the responsibility for managing care.

But the Health Secretary emphasised that gaining this management responsibility did not mean local authorities had to provide all care facilities, and said they should make use of the voluntary and commercial sectors to "widen individuals' room for choice, increase *the flexibility of* services and stimulate innovation."

Clarke: proposing care reform

On Monday, Wirral Council's social services committee will consider a response to the Griffiths Report which addresses this aspect of Mr Clarke's statement head-on, and suggests selling the council's 22 residential homes for the elderly for an estimated £6.5m.

Councillors representing the centrist Democrat Party, who share control of Wirral with the Conservatives, will propose that the report is adopted.

The suggestion that Wirral should shed all its homes has provoked a passionate response. Old people's associations are organising petitions against the idea, local government unions have condemned it and a demonstration is planned on Monday.

But the possibility of giving up the direct provision of old people's accommodation is one which is certain to be considered by other local authorities as they debate how best to organise and finance their new care responsibilities.

There has been a huge growth in residential care during the 1980s, little of it in the local authority sector. Large provident and commercial *organisations* have moved into the field alongside older-established private nursing homes, and a majority of long-term care is now provided in the private and voluntary sectors – although much of it is social security funded.

In a paper which will be considered at Monday's meeting Mr David Rickard, Wirral's director of social services, says the existing community services for elderly and disabled people are inadequate, and the disposal of the homes would provide an opportunity to improve the situation without increases in expenditure.

The sale of the council's homes would release up to £6.5m for the development of *other forms of support like day* care centres and meals on wheels. Homes which were transferred out of the public sector, says the report, could attract Department of Social Security funding for residents of limited financial means.

Cllr Ed Cunniffe, the council's Democrat group leader, said yesterday that he envisaged an appropriate housing association would buy the homes if the council sold them. The Government's proposed changes in funding meant that the homes would be assured a more certain future if the council ceased to own them.

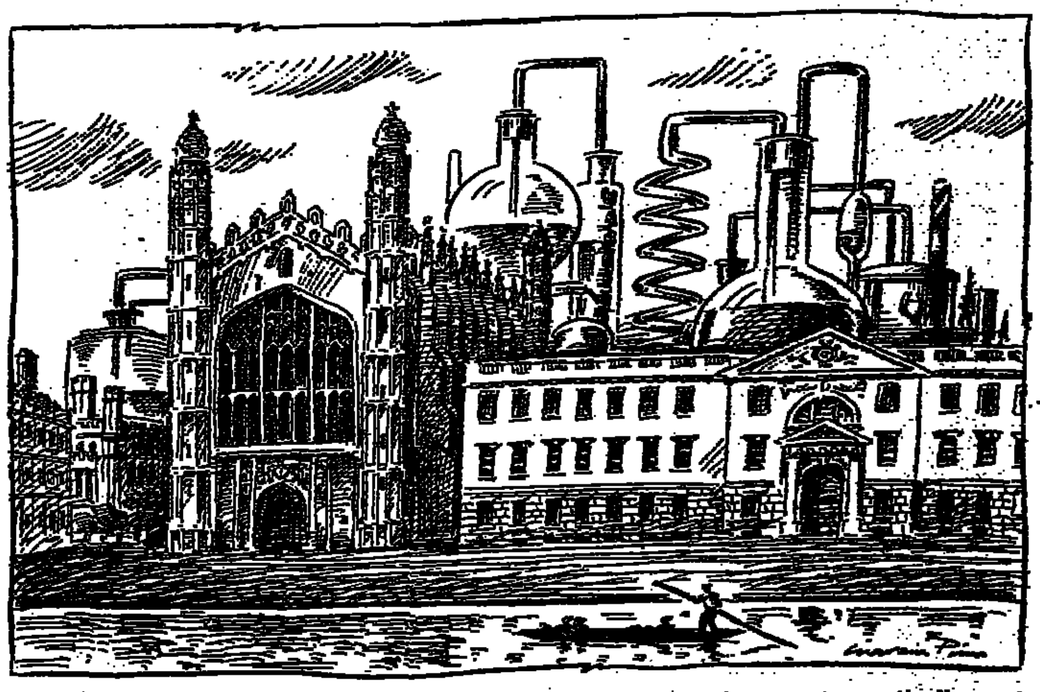
The possible sale is strongly opposed by the council's opposition Labour group. "Housing associations and voluntary organisations with the expertise to take over from the council do not exist," said Cllr Keith Rimmer, Labour social services spokesman. "Half the people in our homes are in high dependency categories and require expert care.

"If the council sold off its own accommodation and anything went wrong, the only place for elderly people to go would be the geriatric wards of local hospitals."

TECHNOLOGY

From glittering prizes to product lines

Clive Cookson explains why Cambridge researchers are setting up a factory



Cambridge University is going into pharmaceuticals production. It will announce today that it is setting up a pilot plant to make genetically engineered blood proteins.

The first products will be antibodies, aimed at white blood cells. They could be used to treat a wide variety of diseases, from leukaemia to rheumatoid arthritis.

Pilot production plants are normally operated by pharmaceutical companies. But Cambridge medical researchers want their own — both to speed up clinical trials of products and to strengthen their negotiating position when it comes to commercialisation.

The pilot plant will be located in the Regional Blood Transfusion Unit at Addenbrooke's Hospital, the main centre for clinical research at Cambridge. The funding (at least £1m over five years) is expected to come from British industry, the National Health Service, Medical Research Council, Kay Kendall Trust and the university's haematology department.

Production is likely to start next year with Campath-1H, a hybrid "monoclonal antibody" made by genetic engineering. It contains the active portion of a rat antibody, which binds strongly to lymphocytes (a type of white blood cell). The rest of the antibody is human, so as to avoid provoking a damaging immune response from the patient — a hazard of using conventional monoclonal rat or mouse antibodies.

A group of Cambridge medical researchers, led by Dr Herman Waldmann and Dr Greg Winter, first produced Campath-1H at the end of 1987. But until now, lacking the special clean-room facilities available to pharmaceuticals companies, they have not been able to make enough pure Campath-1H to carry out a convincing clinical trial. The pilot production plant is intended to overcome this frustration.

The laboratory-scale cell culture in the pathology department at Addenbrooke's, where Waldmann and colleagues make Campath-1H, has been plagued by contamination with micro-organisms. Even so, they have produced enough antibody to treat four patients — with promising results.

Two patients had disorders of the immune system (rheumatoid arthritis and vasculitis). The antibody reduced the number of lymphocytes circulating in their blood more than 100-fold. Since the lymphocytes were responsible for the patients' auto-immune reactions, this relieved their symptoms; but there were still enough white cells left to sustain their normal immune functions.

The other two patients suffered from lymphoma, a cancer of the white cells similar to leukaemia. Campath-1H, injected daily into their bloodstream for about a month, removed all the lymphoma cells and brought remission from symptoms. The patients did not have to endure the side effects, such as nausea and hair loss, which accompany standard chemotherapy and radiotherapy.

Of course any news of cancer treatment "breakthroughs" has to be hedged around with caution, to avoid arousing premature hopes in desperate patients. However, other research groups have reported some clinical success in using monoclonal antibodies to eliminate cancer cells — enough to encourage people to call them "magic bullets" against cancer.

The difference between the Cambridge approach and most others is that the latter attach a poisonous or radioactive molecule to the antibody; when the antibody latches on to a cell, the toxin kills it. The Imperial Cancer Research Fund, for example, is carrying out a trial with antibodies linked to ricin (one of the deadliest poisons known) on lymphoma patients.

Waldmann, on the other hand, says that Campath-1H can do the job without chemical attachments, by mobilising the body's own immune system to destroy the cell. "Once you start doing something chemical to an antibody, you may end up with side effects."

The pilot plant at Cambridge is expected to concentrate first on making enough Campath-1H and similarly engineered antibodies to carry out full-scale clinical trials. Later the plant is expected to turn to the production of a group of proteins known as "serpins", which control several important processes in the blood.

Dr Robin Carrell, a New Zealander who moved to Cambridge as professor of haematology in 1986, has played a key role in the international effort to understand and modify the structure of serpins.

Serpins are a closely related family of "inhibitor" proteins. One of the best understood is anti-thrombin, which inhibits blood clotting. A clinical trial is starting at Addenbrooke's, with support from the British Heart Foundation, to discover whether doses of anti-thrombin can prevent the catastrophic coagulation of the blood which can cause death from severe shock after a serious accident or major surgery.

The Addenbrooke's trial is using natural anti-thrombin extracted from human blood plasma. Carrell expects to follow this quickly with a genetically engineered serpin which is expected to have a far more powerful anti-clotting effect.

The new anti-thrombin will be made first by genetically engineered yeast cells in a pilot plant run by Delta Biotechnology, a subsidiary of Bass breweries in Nottingham. But Carrell intends eventually to make serpins in human cell cultures at the Cambridge plant.

Although micro-organisms such as yeast and bacteria will churn out genetically engineered proteins efficiently, they do not add the side chains of sugar molecules, known as oligosaccharides, which are attached to most proteins in the human body. Most medical researchers prefer to use human cell cultures to create these chains.

Besides antibodies and serpins, the Cambridge production plant will make a variety of novel blood components, designed by protein engineering to carry out particular clinical tasks.

DESPITE the excellence of Cambridge medical research, the university has recently lagged behind Oxford in pulling in funds from drug companies. But three new endowments by the pharmaceuticals industry for professorial chairs at Cambridge, announced this week, will close the gap.

● Glaxo is contributing £1.1m over five years for a professorship and small research unit in molecular parasitology. The aim is to find new ways of controlling and treating the diseases spread by parasitic worms, which kill millions of people a year in the Third World.

The unit will provide a focus for research in Cambridge on schistosomiasis, leishmaniasis, African sleeping sickness and river blindness.

● Serono Diagnostics (UK subsidiary of the Swiss-American Ares-Serono group) is providing about £1m to endow a chair and research group in molecular endocrinology. The endocrine system is the body's internal control mechanism and operates through glands secreting hormones into the bloodstream.

The Cambridge unit is likely to work on quick and painless tests for endocrine disorders such as diabetes and thyroid disease.

● Bayer UK is endowing a chair in neurosurgery with £500,000. The new professor will work on treatments for subarachnoid haemorrhage (caused by blood vessels bursting in the brain), which kills about 3,000 people a year in Britain.

Drugs called calcium antagonists are expected to save many of them in the future.

WORTH WATCHING

Edited by **Della Bradshaw**

Bucket system to speed up search

CD-ROMs (compact disk read-only memories) can store huge amounts of textual information for use on personal computers. But searching through the text to extract the item you want is time-consuming. It can take up to 10 minutes to search a 600 Mbyte disk — large enough to contain more than 50 copies of the Bible.

To speed up the process, Nimbus Information Systems, part of the Nimbus Record company, has developed a way of storing the data which depends on mathematical algorithms.

Each word is given a value. For example, the letter A is valued at one, B at two and so on, and the letters are added together to give a word value. The locations of words of a similar value are then grouped together on the disk in a "bucket".

When the user taps in the key word for the search, the software calculates which bucket contains that word, and then sifts through the words held there. (With a more traditional search, the computer would have to start at the beginning of the database and search through to the end.)

Nimbus will either produce the disks in-house, or sell the package to publishers for them to program the disks themselves.

Meanwhile services using CD-Roms are springing up rapidly.

● The British Library in London has introduced a service for small businesses interested in bio-medicine, the database for which is held on CD-Rom. The search is free of charge — printing out the data is extra. The library already has CD-Rom databases on science, medicine and agriculture.

● The House of Lords is evaluating a system for putting its library on to CD-Rom.

A gas blast that cleans up

AN INNOVATIVE process has been developed in the US which strips paint and dirt from metal or plastic surfaces by firing solid carbon dioxide at them, writes Clive Cookson.

The process causes less damage to the surface than conventional shot-blasting with abrasive particles.

A "cryogenic blasting" machine fires pellets of carbon dioxide (dry ice) at minus 80 deg C through a nozzle. Although the pellets are soft, their coldness produces a thermal shock which shatters the bond between the surface dirt or paint and the underlying material. Layers of paint can be lifted off one by one, so the process is ideal for removing graffiti.

Although the machine's £100,000 price tag puts it out of the reach of DIY enthusiasts who want a domestic paint stripper, it is attracting interest in several industrial niche markets. Removing paint from aircraft is likely to be the most lucrative application.

The manufacturer, Cold Jet of Cincinnati, has supplied a machine to Pera of the UK for evaluation.

Why cows prefer robots

ROBOTICS, artificial intelligence and automatic identification, three of the most advanced computer technologies, are about to find their way into the dairy.

A system under development in the UK will mean that farm workers no longer need to be on hand to milk the dairy herd — the cows will turn up to be milked on their own.

The system is based on the idea that cows like to be milked several times a day — instead of the traditional twice. So the engineering research institute of the Agricultural and Food Research Council (AFRC), in Swindon, has developed a system which allows the cows to be milked as frequently as they like — round the clock.

The cow turns up at the gate of the pen, where it is recognised by a radio signal sent out from a "personalised" transmitter attached to its ear or neck. When the animal enters the pen, artificial intelligence in the computer software instructs the pen to adjust to the size of the individual cow to prevent it moving.

The robotic arm interprets data relating to the size of the cow to locate the teats, attaches the equipment and then does the milking.

Keeping in touch via a mini modem

THE PORTABLE computer was designed to keep business people in touch wherever they travel. But to get that information back into the computer system at home involves tapping into the telephone networks of individual countries, all with their own idiosyncrasies.

To simplify the process, the French company Com 1, of Bordeaux, has produced a cigarette packet-sized modem — the widget which translates digital computer talk into the analogue language of phone networks. It can be connected to any phone system in the world.

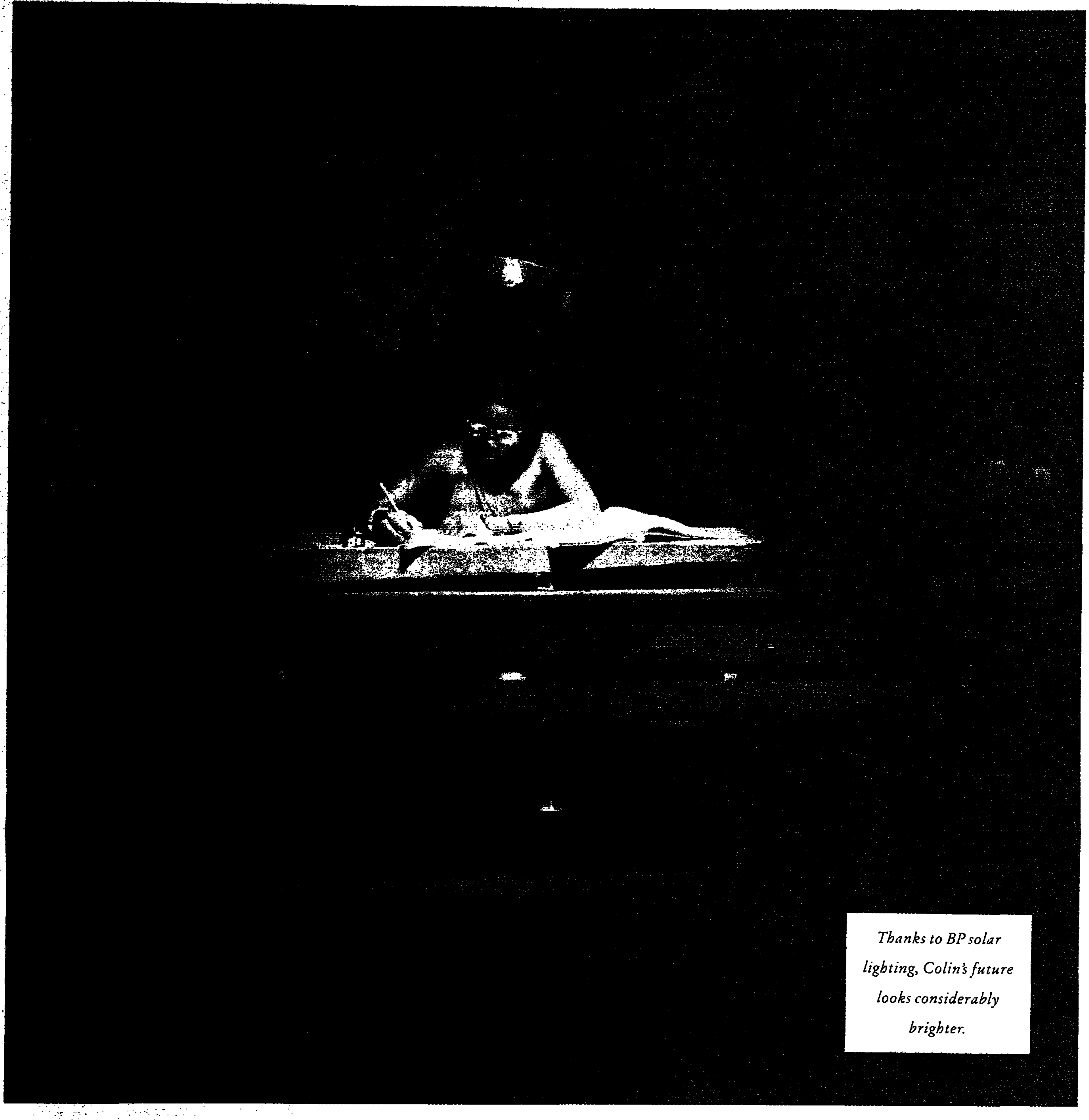
The Voyager modem is attached to the handset of the telephone with adjustable acoustic adaptors, which resemble a pair of headphones.

Chips with everything

THE US'S latest response to the chip shop is the vending machine that sells chips with everything. A model now undergoing trials will fry potato chips on demand in the office block, factory or high school.

The vending machines, from Ore-Ida of Idaho, contain a freezer, which stores the frozen french fries, and a frying compartment filled with cottonseed oil (100 per cent cholesterol-free, just in case you are worried about your blood pressure). Chips are delivered hot and crisp in 35 seconds.

CONTACTS: Nimbus: UK, 0600 890 662. British Library: London, 636 1544. Cold Jet: US, 513 831 3211. Pera: UK, 0664 501501. AFRC: UK, 0793 514242. Com 1: France, 56 39 80 91. Ore-Ida: US, 208 383 6410



Colin can read by sunlight even after the sun has gone down.

Colin lives in a remote African village.

He has no light to study by at home, so after a full day of classes he remains at school to finish his homework.

You may wonder where he gets the energy.

Actually it comes in the form of electricity generated by solar modules.

BP began distributing solar technology in Africa in 1981.

Since then we've supplied solar-powered vaccine refrigerators and water pumps to clinics, and lighting systems to schools throughout the continent.

Solar technology may never eclipse conventional power sources. But it already promises the children of Africa a brighter future.

Supplying solar power to remote parts of the world is one of the things BP is doing today, for all our tomorrows.

For all our tomorrows.

Television commercials

Haircare creates a parting of the ways

Deborah Hargreaves describes how Helene Curtis tailors its promotion to national characteristics

The way women care for their hair strongly reflects their national character.

This concept lies at the heart of Helene Curtis's marketing campaign as the Chicago-based hair care products company makes a strong push overseas. "Women in the UK do not want to look as if *they've just stepped off the set of Dallas*," explains Colin Morgan, president of the company's international division. "They prefer a more natural look."

Trial showings of the company's US advertisements depicting a young woman with a mass of shiny blond hair in a sequined evening gown were not well received in the UK market.

The company eventually ran a raunchy, humorous campaign to launch its Finesse range of shampoo and hair conditioner; it was voted one of the best new product launches of last year by Supermarketing, a UK trade magazine.

The reaction of US and UK consumers to Roger, the boyfriend of the English model in the UK advertisement, highlights the cultural gap. A genial, artistic looking type with round glasses, Roger was loved in the UK and universally hated in the US, where the model meets a smooth-haired yuppie in a dinner jacket.

With a small budget – the UK campaign cost £6m – Helene Curtis is an anomaly in the personal care products industry where product launches can cost anything up to £70m. The company retains its roots as a family-run business in Chicago and says its lean management structure allows innovations to move quicker to the top.

"Hair care is one of the most competitive businesses in the world," says Morgan; "everyone is selling beautiful hair." In order to compete in this aggressive sector, the company, with sales of some $630m in the last financial year, has developed an extremely focused approach to its target markets.

Since its inception in 1928, Helene Curtis has been selling products overseas through licensing arrangements, but in the past five years the emphasis has been far more on international growth.

The last three years have seen international sales more than double to comprise 22 per cent of the company's overall revenue and the international division continues to grow faster than the rest of the company at a rate of around 25 per cent a year.

Morgan says the company's strategy is to build on the success of its existing US products. However, he believes it would be naive to expect to develop a worldwide brand that would cross all frontiers. With hair care so deeply rooted in national culture, the company is forced to modify its leading brands, using its marketing efforts to stress an appeal to particular national tastes.

Nowhere has national character played such an important role in the company's advertising than in Japan, which is now its second largest market. The Japanese have difficulty pronouncing the name "Finesse", and when the company tested its "squeaky clean" US campaign, the potential customers were terrified. "Japanese women live in fear of over-washing their hair," explains Morgan, "and that is why a traditional US campaign could not work there."

At the same time, many Japanese women believe their hair is either damaged or susceptible to damage by air pollution. For this reason, Helene Curtis developed a gentle form of Finesse especially for damaged hair. This was a huge success in Japan and is now marketed in the US as a shampoo for permed hair.

The core of Helene Curtis' marketing drive for Finesse is that its silicone formula will clean hair a little or a lot depending on how long it is left before being rinsed. In Japan, the company put a strong emphasis on the fact that leaving the shampoo on your hair for only a short time, would not strip the protective oil from it.

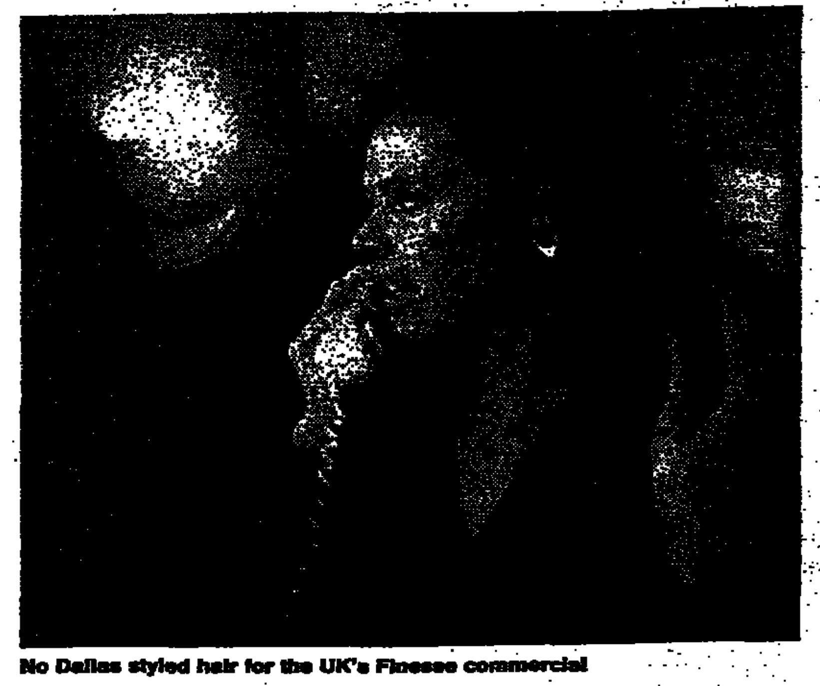
It is the subtle changes in national taste that will dominate the company's approach to Europe as it moves towards 1992, Morgan stresses. As Helene Curtis looks to establish a presence in European markets in the run-up to 1992, it has conducted widespread research into women's attitudes to hair.

"At a very basic level, you will see a big difference in hair types in Europe, from fine Nordic hair to thicker, darker Mediterranean," says Morgan. Women's hair washing habits also grow out of national hairdressing traditions. Middle class women in Spain, for example, will rarely wash their hair themselves and will spend much more time at a salon than their British counterparts.

At the same time, the company has to pay careful attention to the ingredients in its shampoo ingredients. West Germany's green lobby disapproves of the use of PVC packaging, so it cannot use it there. Even product size is important in countries such as Sweden where supermarket shelves are narrower than in the US.

The company is keen to pitch Finesse as a premium product and its price plays an important part in the product's image. However, prices will have to be standardised within Europe after 1992, if cross-border exporting from lower-priced countries is to be avoided.

After the success of its UK launch, Helene Curtis is preparing to make a major push into Europe with advertising paving the way. "While we change our advertisements to suit cultural differences, the underlying theme is the same ... that is, we cater for the changing needs of your hair," says Morgan.



No Dallas styled hair for the UK's Finesse commercial

Design's leading players

By Alice Rawsthorn

IN THE past year or so, the design industry has been struggling to keep abreast of international acquisitions and associations as the large companies in the UK and the US have raced to create global groups.

As the dust settles on many of these deals the structure of the £5bn international design industry is becoming clear. This week's edition of Design Week, the UK trade magazine, has identified the leading players in global design.

WPP, the giant marketing group headed by Martin Sorrell, has become the biggest single force in the design world – with 968 employees and turnover of £72.5m – after a string of acquisitions in the US and the UK. There is still no sign of WPP calling a halt to its expansion. Only a few months ago it added Coley Porter Bell, the London packaging design specialists, to its UK design interests.

Similarly Fitch-RS, the UK design group with a workforce of 550 and turnover of £19.2m, is said to be searching for a suitable acquisition in Asia to add to RichardsonSmith, the US product design specialist it acquired last year.

This swirl of corporate activity creates the impression of a dynamic industry. Yet the development of the global design groups has been far from easy, as the experience of the other members of Design Week's worldwide "top five" illustrates.

Michael Peters, the UK company that is the second biggest player in international design with 720 staff and sales of £40m, is only just getting to grips with the problems of its recent US acquisition, Hambrecht Terrell, the retail design specialist. Yet, undeterred, Peters recently bought Duffy, one of the brightest graphic design companies in the US.

Addison, the London-based consultancy, with a workforce of 300 and turnover of £21m, is beginning a new era as an independent entity after a management buy-out.

As for Landor – the pioneer of the international design industry with a staff of 400 and turnover of £30m from offices in 22 countries – after a year of corporate crises, it is now rumoured to be up for sale.

Getting mileage out of sales promotion

When Thomson Holidays launched its summer 1990 holiday programme last week it made it clear that it had no intention – unlike in previous years – of offering any discount deals on its holidays.

Yet at the same time Thomson – Britain's largest package tour operator – announced that consumers could get up to £100 off any of its brochure holidays by using Air Miles vouchers as part-payment.

"Of course that is a discount," agreed Charles Newbold, Thomson's managing director, when quizzed by journalists bemused by the idea of a discount that was not a discount. "The difference is that we are not paying for it."

The Air Miles scheme is a method of sales promotion which has so far been taken up by 100 or so retailers. It is the retailers who pay between 6p and 9p per voucher to Air Miles Promotions (51 per cent owned by British Airways) in the hope of encouraging customer loyalty at their stores.

Yet the benefit for Thomson is that many budget-conscious consumers will be encouraged to book a Thomson holiday. So far, consumers have generally only been able to redeem their Air Miles for scheduled British Airways flights. Thomson's decision to accept the vouchers represents a much-needed boost for the scheme since it was launched about a year ago by widening the options available to collectors.

Although it is quite likely that consumers will be discouraged by the large number of vouchers needed for many overseas flights, there is no doubt that Air Miles vouchers have become the biggest continuous consumer promotion in the UK since the hey-day of Green Shield stamps in the 1960s and early 1970s.

According to Air Miles, some 3.6m Britons are collecting the vouchers from over 15,000 retail outlets, but this is insignificant compared with the numbers who collected Green Shield stamps. More than 700m vouchers have been bought by retailers, with a further 600m made available through consumer promotions such as the joint Cadbury/Woolworth promotion for Cadbury's Eclairs.

More than 4,000 flights have been taken up by collectors, with 600 new bookings being made every week, but this still leaves a lot of vouchers in circulation.

Air Miles is only part of what in the late 1980s has become a very buoyant sales promotion industry, the below-the-line form of marketing which is second only to advertising in the amount spent by companies each year.

Sales promotion is broadly defined as any marketing activity which can be directly correlated with achieving sales. The Institute of Sales Promotion, moreover, has attempted to put this more precisely: "Sales promotion is a facet of marketing which is adding value, usually of a temporary nature, to a product or service in order to persuade the end user to purchase that particular brand."

Trade estimates suggest that between £3bn and £5bn was spent last year on sales promotions in the UK; the £2bn difference is accounted for by the inclusion in the larger figure of trade discounts given by large retailers to their suppliers as business-to-business sales promotions. About £7bn was spent last year on above-the-line advertising.

Yet the effectiveness of sales promotion as a marketing weapon has only recently begun to be recognised. David Moore, joint managing director of sales promotions specialist CBH & Partners, points out that the industry has only recently developed a more innovative approach. "In the early 1980s, there was an absence of new techniques and ideas," he says.

The reasons for sales promotion's new-found popularity are twofold: on one level it is far cheaper in comparison with the rapidly escalating costs of television and Press advertising. Second has been its increasing acceptance by sectors such as banks and building societies, in addition to its traditional base of fast-moving consumer goods companies. Access card holders with National Westminster Bank, for example, get one free Air Mile for every £10 spent on their card.

The growth in popularity of sales promotion, moreover, has led most large advertising agencies into the sector, buying up small sales promotion companies to complement their existing marketing services. Belonging to more established groups has undoubtedly helped increase the professionalism of the acquired companies, but with over 1,300 members of the Institute of Sales Promotion, the industry remains highly fragmented.

Not surprisingly, therefore, the industry has attracted the "cowboy" operators which move into any fast-growing sector. About one in every ten of the complaints upheld by the Advertising Standards Authority last year concerned sales promotions. Moreover, the ASA's regular monitoring into sales promotions found that out of 780 promotions monitored last year 107 broke the industry's code of sales promotion practice.

Kevin Holland, head of consumer affairs at Reader's Digest and chairman of the ASA's sales promotion subcomittee, believes that a higher degree of professionalism is required. "Many of those responsible for errors in promotions are, on the whole, well-intentioned," he says. "Unfortunately, they have not fully grasped the complicated practical details involved in running a sales promotion."

Some years ago, for instance, John Player's Spot Cash promotion ran into considerable legal difficulties; the Director of Public Prosecutions was ultimately successful in his action against the tobacco company which he considered had contravened the 1976 Lotteries Act.

The main threat to the sector's growth in the 1990s, however, could come from Brussels. The European Commission has been concerned for some time that many sales promotions are not in consumers' interests and there are moves towards an EC directive. The UK industry fears that this could emulate West German statutory controls which severely curtail sales promotion activity in that country.

Yet for Air Miles the problem is more immediate; competition from similar schemes, such as Holiday Points from the USM-quoted Norfolk House promotions group and also, possibly, from Richard Branson's Virgin operation later this year.

David Churchill

CONTRACTS & TENDERS

LEGAL NOTICES

NOTICE OF APPOINTMENT OF JOINT ADMINISTRATIVE RECEIVERS

We, C J Hughes and C W Nield, Abacus Court, 6 Minshull Street, Manchester, M1 3ED were appointed joint administrative receivers of United Plastics (UK) Limited.

Registered No. 2171152
by National Westminster Bank plc on 30 August 1989

C W Nield
Joint Administrative Receiver.

SALE BY TENDER

The Ghana Armed Forces has for sale by tender TWO Skyvan Aircraft series 3 and Plessey Radar AR-1 with spares.
The aircraft and the radar can be inspected at the Airforce Station, Takoradi, Ghana, West Africa between 0800 hours and working days from 11th September, 1989.
Tenders in sealed envelopes and clearly marked, "Tender for Skyvans and Radar", are to be deposited in the Tender Box at *General Headquarters (Logistices)*, Burma Camp, Accra, Ghana by 1230 hours on Friday 20th October, 1989.
All tenders should be in foreign (convertible) currency.
The Ghana Armed Forces is not bound to accept the highest or any tender.

NOTICE OF APPOINTMENT OF JOINT ADMINISTRATIVE RECEIVERS

We, C J Hughes and C W Nield, Abacus Court, 6 Minshull Street, Manchester, M1 3ED were appointed joint administrative receivers of Stakeplus Plastics Limited.

Registered No. 2100267
by National Westminster Bank plc on 30 August 1989.
C W Nield
Joint Administrative Receiver.

PERSONAL

THE ROYAL UNITED KINGDOM BENEFICENT ASSOCIATION, (RUKBA) is helping more and more elderly and infirm people in need, from a professional or similar background,to remain financially secure in thier own homes. It also helps those who need residential and nursing care. RUKBA is a registered charity. Please write to, William Rathbone. RUKBA,Freepost,6 Avonmore Road,London, W14 8BR, to make a donation or to ask for more information about how to give by covenant or legacy.

BUSINESS OPPORTUNITIES

BUSINESS LAW

US approach to insider dealing

By Thomas Conlon

One of the first victims of the 1929 Wall Street Crash was the doctrine of *caveat emptor* in securities transactions. Those who drafted the US securities laws in the early Roosevelt years sought to create a system which would provide investors with adequate and accurate information and prevent so many of the fraudulent practices that had developed prior to the great crash.

They sought to achieve their goal of fair and honest markets through a series of legislative enactments which included the Securities Act 1933 governing, *inter alia*, the registration of securities; the Securities Exchange Act 1934, under which the all-important Securities Exchange Commission (SEC) was established; and the Investment Advisers Act 1940 aimed at the regulation of investment companies.

Of these enactments, the 1934 Act has served as the principal source of federal insider trading regulation. The Act's general anti-fraud provisions are set out in section 10(b), which prohibits, *inter alia*, "any manipulative or deceptive device or contrivance in contravention of such rules and regulations as the Commission may prescribe as necessary or appropriate in the public interest, or for the protection of investors."

In 1942, the SEC, pursuant to its rule-making powers, adopted Rule 10b-5. This rule has served as the basis for the vast majority of "insider" actions brought in the US. Among other things, it prohibits engaging "in any act, practice or course of business which operate as a fraud or deceit upon any person, in connection with the purchase or sale or any security."[1]

It has been the general language of the anti-fraud provisions of Rule 10b-5 which has enhanced its popularity over the years. The anti-fraud provisions apply to any purchase or sale of any security by any person and contain no restrictions as to who may bring 10b-5 proceedings.

The regulation of insider trading in the US has evolved primarily through case law. Initially, the insider trading regulations were viewed by the courts as applying only to those individuals who were "corporate insiders," namely officers, directors and employees of the corporation who, as a result of their position, were in possession of "inside" (non-public and material) information about the company.

The SEC and courts have in their application of Rule 10b-5 tended to rely on either the special relationship theory or the misappropriation theory. If and when a duty to disclose is found to exist under either theory, the holder of inside information has the options, either to disclose the "inside" information prior to trading or to abstain from trading.

It was not until 1961 that the first major insider trading case, *Cady, Roberts & Co.*[2] was brought under Rule 10b-5. A broker-dealer in securities, Mr Robert Gintel, had been told by a director of the Curtiss-Wright Corporation that it was about to announce a reduction in its dividend. By selling shares prior to the dividend announcement, Mr Gintel attained a substantial saving for himself and his clients.

The SEC, in giving its decision, laid down the "disclose or abstain" rule, establishing the duty of certain insiders to disclose inside information to the other party prior to the trade or to abstain from trading. The underlying presumption appeared to be that if the inside information were known to the other party it might affect his investment decision.

In the 1968 *Texas Gulf Sulphur* case[3], the US Court of Appeals for the Second Circuit expanded the definition of "insider" beyond directors, officers and employees to include any insider in possession of material non-public information. The implication was that the mere possession of insider information triggered a duty to disclose.

A subsequent decision by the SEC in 1971[4], expanded still further the definition of insider to include, in certain circumstances, tippees – those recipients of insider information who know or had reason to know that the information was not public, or had been obtained improperly.

The near exclusive reliance by the Federal authorities on the special relationship theory in insider trading cases came to a halt in 1980 in the *Chiarella* case[5]. Mr Chiarella was an employee of a financial printer in Manhattan responsible for printing bid documents. The facts presented the court with a problem. Clearly a special relationship with the company was lacking as he was neither an insider, nor was he acting on information revealed to him by an insider. He was, in effect, a "corporate outsider" who through his job was able to exploit material non-public information. Did an "outsider" have, under the special relationship theory, the same duty to disclose an insider or tippee?

The Supreme Court held that as Chiarella was neither an insider nor a tippee, no duty was owed by him and his actions did not amount to a wilful violation of Section 10 of the 1934 Act and Rule 10b-5.

The special relationship theory sustained a second set back before the Supreme Court in the *Dirks*[6] case in 1983, where the court ruled that the duty to disclose or abstain did not arise from the mere possession of inside information.

The second theory relied upon by a number of US courts in interpreting Rule 10b-5 was the "misappropriation theory." This provides that a duty to disclose or abstain from dealing also arises when the trader misappropriates inside information regardless of whether the trader is an insider, or shares a special relationship with the issuer of shares or the issuer's shareholders.

It was not until 1987 that the first Rule 10b-5 case based on the misappropriation theory, came before the US Supreme Court. The case, *Carpenter v US*[7], involved Mr Winans, a writer for the Wall Street Journal who violated his employer's strict policy of confidentiality with regard to the contents of the paper's "Heard on the Street" column, by apparently trading in securities prior to publication.

The claim against the defendant was based on the misappropriation of confidential information belonging to his employer. The Supreme Court (4 to 4), upheld the convictions.

The SEC relied heavily on the misappropriation theory in the civil actions brought against Mr Dennis Levine. The SEC alleged that a large number of trades had been undertaken on the basis of information which was either stolen, or was in violation of his duty of confidentiality. It further alleged that Mr Levine owed his employer and its clients a duty of silence and was prohibited by Rule 10b-5 from turning it to his own personal gain.

Over the past decade, Congress has supplemented the provisions of the 1934 and 1933 Acts with the Insider Trading Sanctions Act 1984 which not only gives the SEC the right to sue for the loss of profits occasioned by the illegal securities transactions, but also the right to sue for triple damages for violation of its rules.

In October 1988, Congress enacted far-reaching legislation directed, not only at the inside trader, but also the person ("controlling person") responsible for controlling those who trade.

The Act establishes basic standards for "controlling persons" including, in certain cases, the need for the establishment and enforcement of a policy or procedure with respect to insider dealing.

The extension of insider trading liability to include, in certain cases, the employer, is a significant and, in some respects, worrying extension of the law. This extension coupled with the triple damages provision in the 1984 legislation should result in companies making greater efforts to monitor the activities of those it directly and/or indirectly controls, particularly those with access to its most sensitive information.

By far the most controversial aspect of the 1988 legislation has been the inclusion of the so-called "bounty provision," which allows the SEC to award up to 10 per cent of the penalties collected to those informants who assisted with its investigation.

It would appear that the emergence of the "security outlaws" has, as in days of old, led to the creation of new "bounty hunters" – Wall Street style.

[1] 17 CFR 240, 10b-5
[2] 40 SEC. 907 (1961)
[3] 401 F 2d 833 (2nd Cir 1968) Cert Denied, 394 US 976 (1969)
[4] *Investors Management Co Inc*, 44 SEC 633 (1971)
[5] 445 US 222 (1980)
[6] 463 US 646 (1983)
[7] 108 S Ct 316 (1987)

The author is Director of Legal Services at Henderson Administration Group plc and a member of the Washington DC Bar.

ARTS

CINEMA

Sexy ring-a-ring-of-roses

sex, lies and videotape is a sort of strip polka. Take your partners, preferably by stealing them from your friends, and then whirl around the ballroom of life removing your clothes as you go.

Remove also your inhibitions and moral defences. The movie's two young heroines certainly do (Andie McDowell and Laura San Giacomo), to the delight or shock of their male counterparts (Peter Gallagher and James Spader), in this sexual black comedy by Steven Soderbergh. The 26-year-old American's writing-directing debut has already won a Golden Palm at Cannes and palmfuls of box-office gold in America. Oversexed and overhyped? Perhaps. In any event, it is now over here.

The film's first hour has a delicate comic feverishness few could resist. As pretty, buck-toothed Ann (McDowell) lisps out her insecurities to an analyst, she little realises that husband John (Gallagher) is two-timing with her beautiful, sex-hungry sister Laura (Giacomo). But one day Graham (Spader), an old school friend of John's, blows in from nowhere and starts dispensing his brand of diffident candour. Soon he is sabotaging the sexual ring-a-ring-a-roses and creating erotic new dance patterns all his own.

As first presented, Graham seems a young man dysfunctioning on all cylinders. His alimentary habits are most peculiar ("May I use your bathroom? . . . false alarm!") and to Ann he confides that he is impotent. ("Does that bother you?" she sweetly lisps.) But he has a secret vice. He records on video women's sexual confessions, with, if they wish, illustrative action. On hearing about this, Cynthia is suddenly tingling all over like a cash register and Ann, outwardly shocked and shaken, is inwardly stirred.

Now view on. Scripting his characters for first-degree dippiness, Soderbergh revels in the non-sequitur. Social intercourse is constantly sabotaged by Freudian slippage, and the average dinner party is built over a San Andreas fault of sliding or colliding psyches. And when, late on, the film's female population takes to skittering coyly in and out of Graham's video den, we are in a Feydeau farce re-tooled for the age of Home Tech.

Soderbergh's only miscalculation — but a large one — is to give the film's last scenes a moralising tweak. Graham, played with a flaky, entranced solemnity by James Spader (Best Actor prize at Cannes), suddenly cracks up and lays bare unsuspected neuroses. In one bound we are handed a licence to pity and condemn this sexual maverick, towards whom the film has been scrupulously neutral hitherto.

In a comedy of sexual manners set on re-defining what is and is not permissible in 1989 — an age when Aids "disposes" of direct-contact sex and video "proposes" a voyeurist alternative — this is a betrayal. Graham is in many ways the most enlightened character on view. To quick-change him into a mental invalid is the cinema's version of a deathbed (or psychiatrist's couch) repentance. Soderbergh turns the clock back on his own film's piquant modernism. His subtle moral greys, as if at the command of a "Tsk tsk" from Hollywood, are suddenly turned into no-nonsense black and white.

*

We may, of course, be entering an age when moral greys must be turned into greens. *When The Whales Came* is an environmentally conscious, artistically comatose fable set in the Scilly Isles. Here converge large numbers of endangered British actors (Helen Mirren, Paul Scofield, David Threlfall), all speaking with Mummerset accents and lumbering through the soft-focus haze of Robert Paynter's photography.

"Don't you never go near Samson!" burrs Scofield's bird-carving clifftop-dweller, warning Mirren-Threlfall's young children to stay away from the nearby isle blighted long ago by whale-killings. "It's cursed, that's all I know!" explains Threlfall to the tots. "Aye, there's a curse!" says someone else. Such is the air of heavily-accented admonition, one feels it is only a matter of time before a peg-leg comes wheeling over the horizon crying "Aharrh, Jim lad!"

What eventuates instead is the washing-up on shore of a narwhal whale with a gleaming horn. Or something got up by the Special FX department to resemble such a mammal. The islanders must choose between killing and conservation. Which do you think they choose? Clive Rees debut-directs, Michael Morpurgo wrote the script, and predictability is never in short supply.

Water-going species are treated less reverently in Hollywood. A fishing trip is where we find Robert De Niro, Ed Harris and Kathy Baker early on in *Jacknife*. Vietnam veteran De Niro, beer-drinking and bearded, wants to rouse his traumatised ex-buddy Harris from post-Vietnam torpor. But Harris is a recluse jealously guarding his privacy and his shy, live-in sister (Ms Baker). So De Niro falls in love with her. Harris gets angry. Baker gets grateful. You see the triangular complications.

Britain's David Jones directs with TV-movie visuals a script of TV-movie triteness. Plot exposition is crudely packed into flashbacks or saloon-bar rememberings. De Niro (an introvert actor playing an extrovert) and Harris (vice versa) are so oddly cast one wonders if they swapped roles before the shooting. And the attempt to crossbreed a Cinderella love story with a scars-of-South-East-Asia buddy movie was surely a doomed notion from the start.

Nigel Andrews

Andie MacDowell in "sex, lies and videotape"

SEX, LIES AND VIDEOTAPE (15)
Cannon Tottenham Ct Rd, Gate Notting Hill, Screen on the Hill

JACKNIFE (15)
Cannon Panton St, Screen on the Green

WHEN THE WHALES CAME (U)
Cannon Shaftesbury Ave

THE FLY 2 (18)
Odeon Leicester Square

A STRANGE PLACE TO MEET (15)
Chelsea Cinema, Renoir

NOT only does the public know what it wants, writes Ann Totterdell, but it wants what it knows. Hence the continuing popularity of sequels, remakes, and Hollywood rehashes of European hits like *Cousin Cousine*. David Kronenberg's 1986 remake of the old 1950s horror, *The Fly* is among the more worthwhile examples. His version of the scientist's metamorphosis from man to fly built on the original and was not nearly horrific but involving and tragic too. Now we have the irony of a sequel to a remake.

The original fly may have been destroyed, but his son, Martin (Eric Stoltz), survives, a normal looking child with dormant insect genes that his unloving scientist guardians — who regard him as a laboratory specimen — know will eventually claim him.

With the memory of Kronenberg's film still reverberating in the stomach muscles it is a relief that director Chris Walas does not dwell too long on the gruesome aspects of *The Fly 2*, though there is nausea enough from a cute dog, a kitten, and the maturing Martin's discovery of love as a real human being.

Eric Stoltz (who also starred in *Mask*) is vulnerable and intelligent as Martin, but he can't save the weak film which only has a life in the context of its predecessor. As an epilogue to *The Fly* the story has some slight interest, but considered alone it fails to recapture its drama and dignity

A few thrills, even familiar ones, would have been welcome in *A Strange Place to Meet*. A man and a woman are literally thrown together at a lay-by on the outskirts of Paris. They skirmish a bit, he disbelieves her story of being dumped from her husband's car after a quarrel, she sulks at his ungallant suggestion that she is really a prostitute. After a few hours they proceed to a motorway cafe and skirmish a bit more.

Director Francois Dupeyron seems to be working up some kind of statement about these places being a no man's land, or a transit point in life. All human life is there, but only passing through. Neither dramatic nor amusing, and mostly as static as a stage play, Catherine Deneuve and Gerard Depardieu are wasted in the film that feels as long as the 48 hours the couple spend together.

The Beaux' Stratagem

BELGRADE THEATRE, COVENTRY

The National Theatre's first co-production in the provinces was *The Misanthrope* at the Bristol Old Vic. The second is Peter Wood's decent, handsome and enjoyable revival of *The Beaux' Stratagem* at the Belgrade Theatre, Coventry.

This very funny play, George Farquhar's last, had a slow response from the audience on Tuesday night, but the quality of performance was constant and energetic on one of those glossy, slightly tilting floors only the NT could afford but which Coventry has built. What starts as the dowry-seeking adventure of two gallants, Aimwell and Archer, in a sleepy Lichfield tavern, ends as a fully orchestrated dissertation on the need for social compatibility in marriage.

The complexities of the plot are exposed with admirable clarity, and the hard, bright centre is rightly Brenda Blethyn's sumptuously comic Mrs Sullen, who has arrived from London full of the woes of marriage to an inconsiderate and sottish dolt (Marc Sinden). Miss Blethyn sounds at times the startled, husky double of a young Maggie Smith. But this technically accomplished performance has all the makings of a great individual triumph. She irradiates her own brand of twinkling ingenuity when succumbing to Archer's flattery in the art gallery, staggering in pleasurable disbelief at his compliments.

The point is she has not been spoken to like this, and deserves to be. But affection and good manners are on offer only from aristocratic pirates down to their last two hundred, or from the importunate French prisoner (Peter Darling). Meanwhile, a raid on the country manse of Lady Bountiful (who makes her own water as a medical remedy) is hatched at the inn, where Harold Innocent's landlord holds cheerfully sinister court while failing to animate the dullest recurrent catchphrase in all drama, "as the saying is."

The interpenetrative construction depends on moving the action easily between tavern and house, and Peter J. Davison has designed a neat, attractive arrangement of flying baronial panels, a framed Constable landscape, an evocative tavern interior and a jutting stone wall that, with a simple washing line, carries us outside. The arrivals at the inn, the departures from church, are organised with bustle and detail by Mr Wood, the effect recreating pleasurable, realistic milieus (beautifully lit by Mark Henderson) in which the plot and its small debaucheries can thrive.

Although, in 1707, Milton's divorce tracts had been published for 60 years, *The Beaux' Stratagem* is the first play to represent the grown-up case for conjugal dissolution. "And must the fair apartment of my breast be made a stable for a brute to lie in?" is Miss Blethyn's tearful justification for her dreams, which materialise in the remarkable bedroom scene, here represented with the dramatic shadows and lushness of a Zoffany painting.

The litanical final scene cannot disguise the play's chief weakness, the too-long-absence of the landlord's daughter Cherry (Jessica Turner). But the earlier collusion with Archer had been projected with sufficient skill to leap the intervening chasm. Paul Mooney's Aimwell is a little tentative, but a good foil to Stephen Dillon's Archer. Dillon, authoritative and stylish, looks a real find, a genuine leading actor.

By no means a "B" team, the cast also includes a subtly inflected Dorinda by Jane Gurnett, an ingratiating, lively Scrub by Alan Cordunner, and a transparently rumpled French chaplain from Kilkenny by John Franklyn-Robbins. Good music by Dominic Muldowney.

The production plays in Coventry until September 23, thence to Bradford, Wolverhampton, Manchester, Cardiff, Newcastle and Bath

Michael Coveney

Alastair Muir

Brenda Blethyn and Stephen Dillon

The Royal Hunt of the Sun

THEATRE ROYAL, BATH

"I did deeply want to create," Peter Shaffer wrote of this play, "an experience *entirely and only theatrical*." As we saw it at Chichester 25 years ago, it was indeed wonderfully theatrical, but a lot of the credit must go to the directors, John Dexter and Desmond O'Donovan, who realised the "totality" (the Shaffer word) in the author's head. I felt then, and I felt again on Tuesday, that the language of the play did less than justice to its imaginative scheme.

For the basic story is deeply poetic. Not the conquest of Peru by 170 men, with no object but the acquisition of gold — especially when the conquest was made by the slaughter of 3000 unarmed and friendly natives. But when Pizarro's forces invaded Peru, the natives believed in a legend of a white god, and Pizarro was content to use that story for the benefit of his expedition.

In Peru, the Inca Atahuallpa *was* a god, to himself and his people; and behind the Spanish capture of vast treasure, and the consequent disorder such wealth was sure to cause, there is the conflict between the Inca and the possible god Pizarro. Not that Pizarro was much of a believer, but his army had a Dominican chaplain on the strength, and Atahuallpa, once captured, had to be treated by the dubious contemporary standards of Christian morality.

The final scenes between Pizarro and the captured Inca have the obsession with honour that you find in Spanish writers like Calderon. Much depends on the keeping or breaking of words, on both sides, and there is a touching moment when Pizarro's loyal young page loses faith in his master's honour and quits his service. It is a shame that Shaffer's dialogue never achieves the necessary grace for such arguments.

The Compass Theatre production, in association with Theatr Clwyd, is designed for touring, and cannot hope for the elaborate splendours of the first production. Tim Pigott-Smith's lively direction is content with comparatively simple scenery. There are some fine costumes for the Inca's court but little armour for the Spaniards. The sinister jungle sounds of the old staging are gone. The enormous roomful of gold that is to be the price of the Inca's freedom is displayed on the back curtain, from which it falls sadly into the flames.

Denis Quilley is a commanding Pizarro, understanding of his men and, when the time comes, sympathetic with Atahuallpa, a man of his own kind. He is well served by his page Martin, dignified as a grown man (Trevor Martin) and affecting as a teenage boy (Matthew Sim). His Indian interpreter (Rob Dixon) is shifty and looks it.

Only Jack Klaff as Atahuallpa gives a proper sight of the Inca standards, courteous, graceful, genuinely conscious of his godly status. For most of the first act he stands erect, silent and motionless, yet clearly superior to all that goes on around him. He maintains this superiority even in his demonstration of a ceremonial dance, which to me lacked any kind of charm.

The production moves next to Hull, then to Aberdeen, and so on until the end of October. It has been sponsored by Prudential.

B.A. Young

OBITUARIES

Georges Simenon and William Mann

Georges Simenon who died yesterday at the age of 86 was one of the most prolific authors who ever lived. It used to be said when he was at the height of his powers that somewhere in the world a new book by Simenon was being published every day.

He was born in Liège of a Belgian mother and a Breton father, his birth-name being Sim to which he appended "-enon" when he became a writer. Even as a young man hardly out of school, he found he had an uncommon facility for producing fiction which he harnessed to the service of the pulp magazines. When interviewed about his career in later life he would point to a shelf-full of pulp romances bearing his by-line. These, he said, were his apprenticeship.

The popular touch he cultivated in those days of obscure toil stood him in good stead when he turned his attention to writing crime stories. He learned how to handle a strong earthy plot in a brutally direct no nonsense style; but for ever after he was wedded to the pulp-length, his novels being only half as long as other writers'. This may in part explain how he came to write so many of them. However, none of his readers ever complained they were being short-changed.

On the contrary, they welcomed books that could be devoured at a sitting and which provided an easy escape route from the pressures of everyday life. Once he had invented the character of Inspector Maigret of the Paris Sûreté — a figure squarely in the tradition of the Great Detective, a paternalistic bulwark against evil, representative of the values of ordinary decent humanity — there was no stopping Simenon.

Through Maigret, his loyal assistant Lucas, and other subordinates, the Parisian underworld was penetrated and defeated in books that were especially popular throughout the English-speaking world; even more so after some of them had formed the basis of a TV series with Rupert Davies.

Alongside the Maigret series he wrote novels where the investigative element was secondary to a psychological problem, of different lingering conditions of guilt in ordinary people. Some of these set in Belgium and Holland are very fine. André Gide, who admired and corresponded with Simenon, encouraged him to try to become a mainstream novelist.

Simenon was a wealthy nomad who lived for long periods in places as far apart as Arizona and Switzerland. But wherever he set up shop, the same rigorous routine applied. For several days he would "psych" himself up to writing a new mystery story and then complete the actual task of composition in a week or less.

Like H.G. Wells his sexual appetite was commensurate with his capacity for work. He had several wives, the final one being his former wife's housekeeper (a theme he once used in a novel); nor was he averse to having sexual congress with prostitutes before starting work in the morning.

The complex satyr-like nature behind the smiling serene pipe-puffing façade was revealed late in his career in longer autobiographical books. They confessed, among other shocking facts, to a deep distaste for his mother.

Anthony Curtis

William Mann, who died on Tuesday at the age of 65, was one of the leading British music critics of his generation. His background may have been thoroughly orthodox — Winchester and Cambridge, where he read music under Robin Orr and Patrick Hadley — but after he joined *The Times* in 1948 as an assistant music critic to Frank Howes (becoming chief critic in 1960), he rapidly revealed himself as a thoroughly individual and often idiosyncratic writer, with a lucid, *uncomplicated style*.

Opera and the voice were always Mann's first loves, and he produced studies of the operas of Richard Strauss and Mozart; his Strauss book in particular will endure. But his mind was constantly open, ever ready to absorb what was new or unlikely. His support for contemporary music was epitomised in his chairmanship of the SPNM, and he achieved a brief period of popular fame in the 1960s when he turned his considerable analytical skills upon the songs of The Beatles.

After his retirement from *The Times* he continued to write for a variety of periodicals, and remained a familiar figure, especially in the British opera houses; his colleagues will miss a warm and infinitely kind companion.

Andrew Clements

Alexei Sultanov

WIGMORE HALL

In the Wigmore critics sit at the back, for rapid egress. The overhang of the balcony spoils the sound a little, I think; but over the years it has often provided shelter from winners of the Van Cliburn International Piano Competition.

So it did on Tuesday night, when 19-year-old Alexei Sultanov — the latest of them — ripped into the archetypal Soviet man-of-steel programme: Skryabin's Fifth Sonata, Prokofiev's Seventh and the "Mephisto" Waltz, with Haydn and a couple of Chopin Scherzos as warm-up.

Sultanov was engagingly unfussy and direct in the second-best-known of Haydn's E-flat sonatas, H.XVI/49, with his robust sound restrained by commendable parsimony with the pedal. His soft playing is inclined thus far to be colourless, which compromised his respectful intentions in the Adagio. With Chopin his super-efficient technique came into play: the First Scherzo properly swift and uncommonly lucid, though without suggestive undertones, and a loudly incisive Second which lacked only a command of the great dramatic build-up to the end.

By popular Klaviertiger standards, indeed, long-range dramatic sweep seemed to be this pianist's Achilles' heel. One hardly missed it in the Liszt "Mephisto" (despite a weak, unevocative idyll in the middle) because he detonated every pyrotechnical passage with such force, sensational accuracy and aplomb. (Throughout the evening, by the by, he attacked each new piece almost before the applause for the previous one had ended, without taking breath or mopping his brow.) In Skryabin too the literal execution was phenomenal, all the notes in place and gleaming, at brave — and perfectly correct — tempi.

Of Skryabin's refined decadence, however, there was no trace: nothing remotely insidious in those soft, cajoling curlicues. In fact the effectiveness of Sultanov's address was always in direct proportion to its sheer volume, and Where mezza voce was unavoidable it was thin and uncommunicative. Nor is Sultanov's sense of harmonic point-making much developed; where Skryabin — or indeed Prokofiev in the Seventh Sonata — wants a blazing major chord to strike through the chromatic texture, he often left it curdled amid the general welter of sound.

Although he does wield a fair range of degrees of fortissimo, below it there seemed little more than forte, less forte and passively quiet — not nearly enough to do justice to Skryabin's many subtle levels, nor to Prokofiev's Andante caloroso. In the Prokofiev finale, one never felt a suppressed head of steam building: only a long, brittle chatter, and then ear-splitting roars.

David Murray

ARTS GUIDE

September 1-7

EXHIBITIONS

Paris

The Louvre. The glass pyramid, built by I.M. Pei, the Sino-American architect, has opened to the public as a dramatic entrance to one of the world's most famous museums. Erected as a medieval fortress in 1204, the Louvre later expanded into a renaissance royal palace only to be turned into a museum in revolutionary 1793. Open 9am-6pm, Mon and Wed until 9.45pm, closed Tue.

Bibliothèque Nationale. 1789 Le Patrimoine libéré. Rather than inheritance liberated, words like confiscation and plunder would describe more accurately the manner in which the 200 treasures, chosen from hundreds of thousands of documents, reached the Bibliothèque Nationale from churches and palaces during the revolutionary years. 52 rue de Richelieu. Ends Sept 10.

Martigny

Fondation Gianadda. A Henry Moore retrospective of some 50 sculptures, 80 drawings shown in rotation and 60 engravings is as impressive by the judicious selection of exhibits, as by the exceptional location for 12 of the monumental statues in a park with Alpine peaks as a backdrop. Ends Nov 19 (026-223978).

Bremen

Kunsthalle am Wall 207. A Karl Schmidt Rottluff retrospective (1884-1976) with around 200 pictures, sculptures and paper works from 1907-1970. The expressionist painter was much influenced by his first trip with his friend Erich Heckel to Dangast, a small village in North Germany. He was the founder member of the East German arts group "bruecke". The exhibition closes with aquarelles from the 1970s. Ends Sept 10.

Brussels

Musée du Costume et de la Dentelle. Women and Equality 1789 - 1889. Ends Sept 24.

Amsterdam

Amsterdam Historical Museum. A selection of 70 design drawings from the private collection of art dealer Lodewijk Houthakker. Spanning four centuries, they range from delicate architectural detail to grandiose pipe-dreams, and merely whet the appetite to see more from this fabled collection of more than 1,000 sheets. Ends Sept 17.

Vienna

The Technisches Museum. Although not the most elegant of Viennese museums, has put together an exhibition exploring the relationship betwgen art and industry and how industry has tapped the imagination of the artist. It is particuarly interesting having Austria's post-war generation represented under one roof. Ends October 26 1989.

Museum of Modern Art. Dieter Ronte, its director, fought against the Viennese establishment to exhibit non-Austrian artists. He is now quitting Austria, tired of the bureaucracy. Before he goes, he has, however, managed to give the Austrians a glimpse of the photographic work of William Henry Fox Talbot. Ends September 10.

Rome

Galleria Nazionale d'Arte Moderna. The Sonnabend Collection contains a little of everything, from pop-art with some of the best-known works of Warhol, Lichtenstein, Jim Dine, followed by examples of American minimal art (Flavin, Judd, Morris), to conceptual art and *Arte povera*, with works by Gilbert and George, Paolini, Merz, Pistoletto and Kounellis, ending with some curious examples of German neo-expressionism. Until Oct 2.

Turin

Russian and Soviet Art: 1870-1930. Renzo Piano, architect of the Beaubourg, has given the 250 works chosen from Soviet museums by Giovanni Carandente an immensely effective setting, turning the ground-floor workshops of the disused Fiat factory into the equivalent of an Arab tent. The works are hung on suspended panels of white gauze, divided into 22 more or less chronological sections, complemented by the immense Bolshevik-red banners which flutter in the breeze in the square outside. Many of the early figurative paintings on show give evocative glimpses of life in the Russian villages and the particular quality of light and landscape, notably Vasiliev's Autumn Woods, Nesterov's pensive girls in traditional dress at the lakeside and Vinogradov's inviting summerhouses on the slopes of the Crimean hills, with their unexpectedly luxuriant gardens. Cosmopolitan and sophisticated, Russian artists could hardly have been in closer contact with contemporaries in France and Germany. Matisse was in Moscow to install his two paintings, Music and Dance in the house of the collector, Sergei Sukin, and two symbolist works on show by Petrov-Vodkin, Youngsters and The Thirsty Fighter contain clear echoes of these. The giant figure of the prototype of impresarios, Diaghilev, looms over the exhibition. There are two portraits, one by Serov, elegant and devilish, dated 1904, and another, with his old nurse, painted by Bakst in 1906. There are numerous original designs for the sets of the Ballets Russes: Petrushka (1911) and Pavillon d'Armide, by Benois (1907), the ballet which marked the beginning of Fokine's career as a choreographer and that of Nijinsky and Pavlova as dancers, at the Marinsky theatre. A number or remarkable portraits stand out, from Vladimir Tatlin's empty-faced Sailor to Altman's faintly expressionist portrait of the poetess Anna Achmatova (1914), with its intense blues and yellows, Serov's mournful Grand Duke Pavel Alexandrovich and Chagall's Red Jew. Chagall has a section to himself, which includes a number of charmingly domestic scenes, such as The Datcha Window, as does Kandinsky, with three fine works, including the large Composition VI from the Hermitage. Ends October 20.

Spoleto

Rocco Albornoziana and Church of S. Nicolo. 17th century painting in Umbria. The exhibition is the fruit of nearly 20 years research work by Professor Bruntoscano and a group of helpers, who have been through Umbrian churches and convents with a toothcomb, and the gloriously restored results can be examined close-to in two settings (of which the latter is by far the most satisfactory). The works are uneven in quality, but all are interesting, each telling a story (often with the sponsor looking pious in the lower right-hand corner), and often harking back in style to earlier artists such as Perugino. Not all are by local painters: a notable exception is fine work by the French painter, Jean l'Homme (signed and dated 1631), and some are discoveries, such as an unknown, Francesco Furini. One of the most beautiful is the Maestro di Serrone's arresting and enigmatic Workshop of Sangiuseppe where Christ (with an almost victorian head of curls and roughly eight years old) standing between his parents forms a rough cross from wood fragments from the workbench, and binds them together with thread from his mother's sewing-box, a mysterious smile on his face, while his parents' eyes meet in anxious premonition. Ends Sept 23.

Venice

Palazzo Grassi. Italian Art: 1900-1945. A much-amplified exhibition covering a briefer period than did the recent show at the Royal Academy in London, organised again by German Celant, with the director of Palazzo Grassi, Pontus Hulten. An attempt is made to put the works into a clear political and social context, emphasising links with contemporary literature, music and cinema. The exhibition ends with two blown-up stills from films by Visconti and Rossellini. Ends Nov.

New York

Whitney Museum. A special exhibit from the museum's extensive holdings of Edward Hopper highlight the realistic painter's Paris and domestic scenes among the 150 pieces in all media. Ends Nov 5.

Tokyo

National Museum. Heijokyo Exhibition. Important archaeological finds excavated in the past 30 years in Nara, where Japan's capital and imperial palace were located in the eighth century. Closed Mondays.

National Museum of Modern Art. Art of the Showa Era. Paintings, sculpture, prints and photos by Japanese artists, all executed during the reign of the late Showa Emperor (1926-1989). Closed Mondays.

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The war on drug abuse

WITH HIS heralded anti-drug plan, President Bush joins the list of American Presidents, going back to Richard Nixon, to declare war on drug abuse. He has also given a hostage to fortune, since little suggests that he will be more successful than his predecessors, especially over the short time horizon to which the American political system is itself addicted.

Not that President Bush fell short in rhetoric. Holding a bag of crack, he asserted that "it is turning our cities into battle zones and it is murdering our children." So saying, he ignored the argument that these evils are caused not by drugs themselves, but by the fact that they are sold in an unregulated, gang-infested black market.

It is the gulf between the scale of the problem he described and the resources his self-imposed budgetary constraints allow that is most remarkable. The President called for spending authorisation of $7.9bn next year, an increase of only $2.2bn, with more than half of the increase for a previously announced programme of prison expansion. Meanwhile, actual outlays are to be $6.4bn, an increase of only $1.5bn.

Just $2bn is to go on the Andean countries over a period of five years. Estimates of the turnover of illegal drugs are unavoidably uncertain, but it is thought to be around $100bn a year. If the US wishes to reduce this lucrative supply, it must offer producers equally profitable alternatives. Given the intensity of demand (and the likelihood of higher prices as production is reduced), that would cost an order of magnitude more than anything now proposed. Mr Bush is trying to extinguish a forest fire with a watering can.

Curbing demand

Where President Bush is right is in the long overdue switch towards curbing demand, but the emphasis given to criminal sanctions on users faces strong objections. There is a moral issue over the extent to which governments should try to prevent people from harming themselves. The question is particularly sharp in the US, where there is free access to guns, whose sole purpose is to harm other people. But it is the practical objections that are decisive.

President Bush proposes increased prosecutions of drug users by the responsible local jurisdictions; a requirement that colleges implement anti-drug policies as a condition for receipt of federal funds; stepped-up policing of public housing projects; tighter anti-drug checks in private industry, including increased testing of workers in positions involving public safety; alternative ways of sentencing non-violent drug offenders, including "boot camp" and house arrest; and enhanced educational programmes, to discourage drug use, and expanded treatment, to rehabilitate drug addicts.

Inadequate resources

To deter users by criminal penalties, those penalties must be both probable and severe, but the resources envisaged will be inadequate to achieve this aim. For the serious drug user, the pleasure will remain too great and the penalty too remote.

What would be needed is, as the President said, a strategy to reach "into every school, every workplace, involving every family." Anti-drug enforcement would have to permeate the whole of society, although even this might prove insufficient and the costs are likely to exceed any conceivable benefits. Just one such cost (and reason for failure) is the likelihood of increased police corruption, already a major problem in cities like Miami.

Furthermore, criminalising the user is incompatible with effective treatment, since few addicts would seek help if they were vulnerable to the sort of penalties envisaged. The alternative to such sanctions on the user would be to decriminalise drug abuse itself, while expanding education and treatment. Addicts would then be able to register and obtain drugs, on a maintenance basis, through official channels. In this way the link that binds the addict to the black marketeers would be cut, though the trade itself would remain illegal.

President Bush's proposals could yet prove a step on the path to a more rational approach. He has recognised that demand is at the root of the problem. He also realises that criminal sanctions can curb demand only through an extraordinary increase in the police presence (though – characteristically – he is unwilling to request the required resources). As the US moves down this path, the implications for personal freedom will become increasingly obvious. In the end, the price paid for treating a public health problem as a crime should prove too much for even the present level of public hysteria to tolerate.

The Panel ponders BAT

The market in which companies in the developed world change hands is by now thoroughly international. Yet the rules under which takeover bids are conducted are invariably framed by national authorities and they are frequently incompatible with each other. That problem is bound to preoccupy Britain's Takeover Panel when it meets in full session next week to consider the contested bid by Hoylake for BAT Industries – all the more so since the same issue reared its head recently in Minorco's offer for Consolidated Gold Fields, which was frustrated by action in the US courts. It is unfortunate that such a fundamental question should arise in the context of a highly controversial leveraged bid which no one expects to go ahead in its present form.

Sir James Goldsmith and his partners in Hoylake are appealing against a ruling whereby the Panel executive concluded that BAT's lobbying and legal activities in the US did not constitute frustrating action of the kind prohibited by the general principles of the Takeover Code. More important, they are seeking the Panel's sanction to allow the bid to lapse and then to return with the offer if and when the US insurance commissioners sanction a change of ownership at BAT's Farmers Group subsidiary, instead of waiting a year as the code normally requires.

Rule waiver

The Panel has the power to waive the one-year rule and does so, for example, in relation to bids that are referred to the Monopolies Commission. The question is whether it should take a similar view where the rules governing the timetable for British takeovers have fallen foul of American legislation designed to protect insurance policyholders.

BAT can no doubt argue that the Hoylake raiding party knew the rules when it launched its offer and that the deficiencies in its initial filings with the US insurance authorities do not help its case on the timetable. The code's rules are anyway designed to prevent companies from being subjected to a prolonged and damaging siege which would not be in the shareholders' interest. And the Panel cannot assume that shareholders would necessarily accept the offer.

Shareholders' interests

Against that the Panel must be concerned that shareholders might be deprived of an offer on the basis of an unfortunate quirk in overlapping takeover rules in Britain and the US. The fact that BAT has seen such a notable rise in its share price since the bid serves to reinforce the point. If Hoylake is blocked the effect will be to create a new class of British company that is invulnerable to takeover bids and to provide an incentive to acquire US insurers as a form of poison pill. It will also create considerable uncertainty in the market for corporate control, which would be regarded as unhealthy.

It is a particularly difficult case and one in which it would not be unreasonable for the full Panel to conclude that a waiver of the one year moratorium rule would make sense. But whichever way it jumps, it is important that the Panel gives some indication of its wider thinking on how to handle regulatory overlap across national boundaries.

There is clearly an argument for revising the code to clarify the position. Yet it is notoriously difficult to devise generalised rules to cope with complex takeovers as yet undreamed of. Certainly the Minorco-Consolidated Gold Fields precedent would have proved a poor model for a rule to cope with Hoylake-BAT. There is no escape from a continuing element of discretion for the Panel on this score.

ECONOMIC VIEWPOINT

Variations on Delors

By Samuel Brittan

The European Community finance ministers will be meeting together with their central bankers this weekend for one of their six-monthly informal get-togethers, this time in Antibes in France.

There will be some relatively straightforward business. At present the Council of Central Bank Governors meet under a Community decision of 1964, and the Council of Finance Ministers ("Ecofin") under a decision of 1974. The Commission would like to have these decisions amended to introduce a greater element of policy concertation rather than just the exchange of views and information.

The more contentious items will come under the heading of "Alternatives to Delors" for achieving monetary union. Given Mrs Thatcher's undertaking at Madrid to enunciate such alternatives, Britain will have to put something on the table. Some finesse will be required. For all the other Community governments broadly accept the Delors proposals and it would be easy for the UK to become isolated once more in a minority of one. A much better bet would be to switch to talking about "variants" and "interpretations."

There are two sets of problems with Delors. There are those arising from its emphasis on fiscal federalism and greater regional transfers.

There are also some on the purely monetary side. The simplest way to define monetary union is:

An area of permanently fixed exchange rates, with no exchange controls or other institutional barriers to the free movement of capital or circulation of currencies.

Defined in this way the question is left open whether such a union can be achieved by an arrangement for permanently fixed exchange rates between national currencies, or whether it is really necessary to move to a Federal Reserve type central bank and ultimately a single currency. The Delors Committee unnecessarily prejudged the issue in favour of the latter, but the answer is by no means obvious. The Community can move a long way towards monetary union before governments need to make up their minds.

The alternatives to be suggested by the Chancellor, Nigel Lawson, are not likely to be decided until the very last moment; and early this week the Bank of England was as much in the dark as the public about what they would be.

The main ideas studied by the UK Treasury have been "competitive currencies" and "a new gold standard." The idea of letting individual citizens and companies make their own choice of which currency to use for contracts and transactions was first revived in the 1970s by the veteran free market economic philosopher, Friedrich Hayek. The idea was that, given a free choice, the public would reverse Gresham's Law and that good money would drive out bad.

Competition between freely floating currencies is, however, a recipe at best for a European Free Trade area, but not for a single market or monetary union. It would in any case be incompatible with the Madrid understanding that everyone should join the exchange-rate mechanism of the European Monetary System (EMS) some time in stage one, which begins next July, and to which all government heads, including Mrs Thatcher, put their name.

Competition can also take place among currencies which are linked by fixed or semi-fixed parities, as in the EMS at present. Such competition, however desirable, is no more than a precaution and a libertarian safeguard on the road to monetary union. By itself it does not provide an alternative to the Delors route.

In fact there is nothing in the English tender laws to preclude enforceable contracts in Swiss francs, gold, D-marks, the Ecu or any other medium on which the parties can agree, including private enterprise money. Some problems could arise under the Truck Acts if wages were not paid in sterling. But even this barrier might be overcome if the recipients agreed to the alternative media. The removal of exchange control, plus in some cases modest changes in contract law, will reduce most barriers to currency competition in other Community countries too, without any new international agreements. Moreover, there is nothing in the Delors Report to compel people to hold or use either existing Community currencies or any proposed European currency of the future.

Given the *dirigiste* proclivities of many officials in European governments and the Brussels Commission, vigilance will be required to see that restrictions on currency use do not creep in, and that any European currency of the future is held on its own merits. Here Nigel Lawson can legitimately dig in his heels and hope for support among kindred spirits so long as he does not pretened that it can be a substitute for concrete proposals for linking Community currencies.

Similar remarks apply to talk of a gold standard substitute. Less has emerged of any Treasury thinking here. Many people have in mind the use of commodity prices to guide monetary policy as suggested by James Baker when he was US Secretary of the Treasury.

But surely a closer modern equivalent to the gold standard is a link between a country's currency and that of another country enjoying low inflation rates, such as Germany or Japan. This link has provided an anchor for inflationary expectations akin to that provided by gold in the past. Indeed it is exactly how the EMS has in practice operated in relation to the D-Mark.

It is one reason for building a new monetary union on the foundations of the EMS rather than for leaping into something supposedly more symmetrical or *communautaire*. Following this line of thought would put the British Government in the same company as the Bundesbank, which itself had been having second thoughts about the early application of the Delors proposals.

A third "alternative path" to monetary union which seems to have a perennial appeal is to base it on the Ecu. The Delors Committee, fortunately, surprised some people by playing down the Ecu, knowing that the Bundesbank would veto all ideas of a parallel currency.

There are numerous ideas for increasing the use of the Ecu and allowing the official Ecu to circulate in the financial markets, thus removing the distinction between the private and the official variety. The further these plans go, the greater would be the freedom of the commercial banks to create Ecus and the greater the need for a concerted European central bank policy to prevent their excess creation.

But if this kind of common monetary policy is eventually required, why not go for it directly rather than by promoting an extra pseudo-currency which is is no stronger than its component parts? Too much emphasis on the Ecu now can be a diversion from the main task of promoting internal monetary policies in member countries which would make for exchange rate stability at a low inflation rate and without which there can be no monetary union.

The most promising "alternative to Delors" – which could be presented as a variant or reinterpretation and which would bring Britain closer to the Bundesbank – would be to seek to strengthen rather than replace the existing EMS. As the EMS is in practice a D-Mark zone, this would embody the insight that the ideal common currency would be the D-Mark. Yet it would preserve the appearance of an international system with a symmetry of obligation.

A sufficiently strengthened EMS, in which parity changes have become extremely rare, would provide a path to monetary union without the *dirigiste* accompaniments of the Delors version. A common currency could emerge by an evolutionary route. For once it is accepted that parity changes have become a thing of the past, currencies will become increasingly accepted across frontiers as they already are in border areas. Eventually the difference between one European money and another could approximate to the difference between English and Scottish banknotes. The different national names can be changed when public opinion is ready.

The same evolutionary principles can be applied to monetary institutions. As currencies become increasingly used across frontiers, individual central banks will gradually lose power over monetary conditions in their own countries; and Community-wide co-operation will be increasingly required. Once the Community currencies have become very close substitutes, a single institution will probably be required to see that they are neither over- nor under-issued. But the nature of that institution could be allowed to emerge as monetary integration developed without any advance Treaty commitment.

There is a danger that speculative argument about distant developments could prove a diversion from at least naming a date by which Britain will become a full member of the EMS. That is presumably the attraction of such discussion for 10 Downing Street. But if Britain does not soon adhere to the monetary co-operation arrangements which already exist it will cease to matter what anyone in London thinks of Delors or any alternatives.

BOOK REVIEW

Timeless view on the East

THE USES OF ADVERSITY
By Timothy Garton Ash
Granta Books £13.95

In the late 1970s, a bright young history graduate from Oxford went to Berlin to do research. He was able to perfect his fluent German and acquire a wide knowledge of German culture. He also managed to travel widely in East Germany and even to live in East Berlin for nine months as a visiting student at the Humboldt University.

His thesis on Hitler's Berlin remains, I suspect, unwritten (certainly unpublished). Instead, he wrote, in German, a book on East Germany today which was published in West Germany. He also wrote pieces for the Spectator, whose then editor, Alexander Chancellor, had the bright idea of commissioning him to travel more widely in eastern Europe.

He was in Gdansk to witness the birth of Solidarity in August 1980; learned Polish; fell in love with a Polish girl, and with Poland (in which order is not quite clear).

The rest is not history but journalism of the very highest order, in which contemporary events are made intelligible by being set in a historical perspective.

His articles in the Spectator, the New York Review of Books and elsewhere contain some of the most careful, best informed and also most readable analysis of developments in eastern Europe to have appeared in English over the last decade. In the format of the New York Review their erudition and sheer length can sometimes seem overwhelming. In octavo format and between hard covers they become more manageable, without losing any of their excellence.

What is more, they stand the test of time, which – given the extraordinary changes now occurring in eastern Europe – is no mean achievement. Read or re-read in 1989, what Timothy Garton Ash wrote about the Pope's visit to Poland in 1983 seems more relevant, rather than less.

His conclusion that "though the totalitarian communist system remains in outward form, *in reality it is still being dismantled from within*" might have seemed at the time to contain an element of wishful thinking. We know now that it was if anything an understatement.

That dismantling of the communist system, or "Ottomanisation of the Soviet empire," has of course been his great theme. He has been the most effective, because the most carefully reasoned, critic of the old Western diplomatic orthodoxy that "reform" in eastern Europe would have to come from the top, and that one should not endanger its chances by encouraging "instability," meaning the activities and fantasies of "dissidents" or "romantics."

There has a been a big change in Western attitudes since 1978 when the British government not only refused to be represented at the inauguration of the London monument to the victims of the Katyn massacre but actually forbade members of the armed forces to attend in uniform, because it did not wish to provoke a protest from the Polish government. (The reaction, indeed the existence, of Polish public opinion was not considered.)

Nowadays no minister in a Western government could think of visiting any east European country without meeting representatives of the opposition. Garton Ash, by his description and interpretation of what was actually happening in eastern Europe, helped to bring about that change. If the Ottoman analogy is accepted, he has been an important influence for a Gladstonian rather than Disraelian approach to the Sick Man of Europe.

Yet he is not starry-eyed. He is well able to document all the reasons why "revolution, ending in partial failure" in Poland, or "reform ending in partial success" in Hungary, is the best one can realistically hope for.

What makes his description of "central Europe" so absorbing, and so convincing, is that he can see it from several angles. His heart may be in Poland, but his mind is still in Germany a lot of the time. (The only conspicuous gap – an important one – is the lack of a Soviet perspective.)

Among the best essays in the book are those on "the German question" and on "the Life of Death" – the latter an amazingly sensitive peregrination through the minefield of different national memories, German, Polish and Jewish, about the Second World War and the Holocaust.

But his special gift is for capturing social and political processes by means of an extended metaphor. A good example is to be found on pages 220-1, where he describes eastern Europe in terms of landscape.

Another, too recent to appear in the book but for that very reason worth quoting here, is the evocation of central Europe as a ferry bearing refugees from a barbaric East to an indifferent West, which I heard him develop in June at a symposium in Krakow: "a ferry which has left the eastern shore, but an old and leaking craft, with one engine conked out and the captain perhaps drunk in his cabin, approaching a western shore from which, through the fog, can be dimly heard the sound of light music and brittle laughter."

If that in the end proves to be an accurate summary of western Europe's reaction to what is happening in the east, it will not be Timothy Garton Ash's fault.

Edward Mortimer

OBSERVER

Other sides to Tombs

■ Sir Francis Tombs, chairman of Rolls-Royce and director of a great deal else besides, is gradually winding down. He wants to spend more time with his family, play more golf, concentrate more on his piano-playing and visit places *he has never been to before*: for example, Norwich, St Ives and parts of Scotland.

He also wants to take his wife to New Orleans, a city he loves partly because of the jazz: "Two dollars at the Foundation Hall for as long as you like and an extra five dollars if you want them to play 'When the Saints go marchin' in' on request," he says.

Tombs gave probably his last press conference as chairman of what used to be called *Turner and Newall when* he presented the interim results yesterday. "Please note the operating profit is up 22 per cent," he stressed.

He was put into the job by the Bank of England on a three contract in 1982 to turn the company round. The contract was twice renewed, but he is stepping down at the end of November. The legacy of the old asbestos troubles remains – they still cost the firm about one per cent of turnover a year – but 65 per cent of the business now comes from automotive components.

Apart from eliminating the losses and reducing the borrowings, Tombs is very proud of the expansion of what is now T&N's research and development.

He is not stepping down from everything. By next February he will have been chairman of Rolls-Royce for five years, having been previously a non-executive director. He expects to stay on. Indeed he is still accepting new tasks in his traditional role as trouble-shooter. He has just agreed to a Government request to look into Britain's nuclear weapons manufacturing industry, especially the work at Aldermaston. "It will be an assessment of what the problems are, and will be finished before the end of this year."

Still, the attractions of the golf course beckon. Tombs was 65 in May. His wife has just given him a new set of clubs *for their 40th wedding anniversary*. So far he has even been able to play once a week. "That's what's essential," he says, "to play regularly, like the piano." The favourites are Brahms, Chopin and Mozart. Tombs is an engineer keen on maths. It all fits.

Misleading

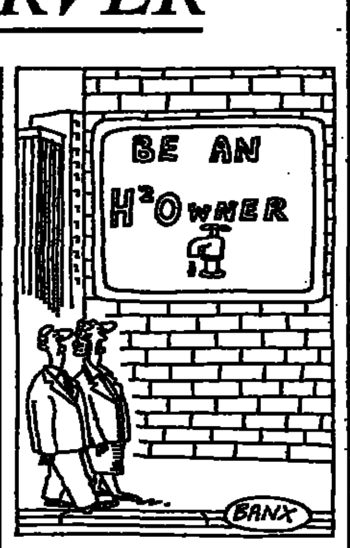
■ A lady plainly from New York asked us for guidance *at a London Underground station* yesterday. It was one of those freak days. There were no queues. The station was clean. The ticket machines were working, even to the point of giving change. A circle line train was indicated to come in one minute, a district line in two, and come they did. "What a wonderful system you have," she said in breathless admiration.

Natural talent

■ This story must be true because it comes from the Press Association. Sheffield United has a new Japanese football player who may prove a great hit. He is called Koji Noguchi, comes from Chiba City, and is 19 years old. Noguchi came on as a substitute for the last 20 minutes in an intermediate game and scored three goals.

The trouble is he speaks no English. According to Keith *Mincher*, the coach: "Before the match I put 10 crosses on a piece of paper and asked him where he wanted to play. He picked out right back, and then I noticed he was looking at the paper upside down. He really wanted to play on the left wing." Where, of course, he might have done even better.

Noguchi is in Sheffield for 12 months to learn about European training and playing methods.



"It's a H^{2}Owler."

Powell's vision

■ Enoch Powell's late love affair with Eastern Europe and the Soviet Union continues to deepen. He expounded his long and deeply held views on the threat to Britain's sovereignty posed by its membership of the European Community at London's Chatham House yesterday, and is citing new evidence that he will be vindicated.

Powell claims that the rebirth of national identities in the countries of Eastern Europe is the start of a trend which will soon sweep their *Western counterparts*. Self-conscious nations, demanding the right to express themselves by governing themselves, will replace the post-war settlement of a Europe divided into two blocs.

He was speaking at the launching a collection of his writings on the subject: Enoch Powell on 1992, published yesterday by the Spanish company, Anaya.

More myths

■ Stories of half-eaten salmon, dead cats and stomach pumps are also well-known across the *Atlantic*, where such modern myths run rampantly through popular culture like rumours in the stock market.

Other myths as well. Remember the New York man who kept a baby alligator in his bath? Alas, his friend outgrew the tub, so in the dead of night he slipped down the service elevator with it, lifted a sewer cover in the street outside and let his pet free. Meanwhile, another New Yorker with an alligator of the opposite sex did the same thing, and now several years later sanitation workers swear that in remote corners of the city's ancient sewers they have caught sight of flashing teeth and splashing tails from the growing colony of amphibians.

The other story, whispered by giggling teenagers across the country, involves a man hitching along a lonely road. A driver picks him up and he gets in the back seat. They drive along for a while, chatting amiably away. After a particularly long pause as the car rolls along, the driver turns round and finds nothing in the back except a puddle on the seat. We are told that there are entire university departments looking into the origins of such stories.

Achtung!

■ We are assured that this story is gospel. An old soldier watching the modern-style BBC TV presentation of the eve-of war news the other night nudged his wife beside him on the settee and said: "It looks as if those Germans are up to their old tricks again."

David Housego reports on India's experience in Sri Lanka and considers how it is redefining itself as a regional power

Escaping from the spectres of the past

Withdrawals from messy overseas operations are always painful. The US found this out in Vietnam and the Russians discovered it in Afghanistan. The search for an honourable exit from Sri Lanka poses India with its most difficult foreign policy challenge in a decade.

The problem is not just pulling out from the north-east of the island 40,000 troops who are increasingly demoralised by a "dirty" guerrilla war and who are tempted to carry out brutal reprisals against the local Tamil civil population. The risk of a collapse in the authority of President R. Premadasa's eight-month old government in the south now also raises the question of whether India should take a further step into the quagmire by supporting a national government which could emerge should Mr Premadasa fall from power.

The prevailing view in Delhi is that India cannot afford to see a fractured Sri Lanka and that it therefore should extend all the help it can, though prior to a general election senior officials believe it cannot commit more troops. Yet given the volatility of the situation in Sri Lanka, Indian support could be the kiss of death for any new administration seeking popular recognition.

Sri Lanka is rapidly becoming the first important test of India's ability, as the largest power in its region, to assume a greater peacekeeping role there. In part, India has been pushed into this role by the increasing disengagement of the Soviet Union and the US from South Asia. Russian troops have been withdrawn from Afghanistan and last year the US was willing to countenance the use of Indian troops to thwart a coup in the Maldives which fell uncomfortably close to the American naval base at Diego Garcia in the Indian Ocean.

India's rapid build-up of its naval and airborne power in recent years – intended to protect offshore oil installations – is also a sign of the country's eagerness to assume a regional peacekeeping role and its belief that it needs a "fire-fighting" capacity. Indian diplomats argue with good reason that India was sucked into the Sri Lankan vortex by the effect that Sri Lanka's handling of its minority Tamil problem was having on India's large Tamil population. But it is also clear that India's entanglement there now is the result of errors of policy and intelligence appraisal.

The Sri Lanka crisis has already cost India some of its neighbours' goodwill. It has led to the postponement of the annual summit conference, now due in November, of South Asian nations – a forum, known as SAARC, which is increasingly important for confidence building measures among member states and the common development of resources.

More damagingly, the crisis has earned India the reputation of an "imperialist" power maintaining occupying forces in Sri Lanka that the government there cannot eject. This reputation – which fails to take account of India's very real difficulties in dealing with politically weak or obstreperous neighbours – has been reinforced by the belief that India has bullied Nepal in their dispute over trade and transit rights.

The crisis in Sri Lanka could also make domestic political problems for Prime Minister Rajiv Gandhi, whose options on the island are limited by the Indian election timetable. He does not wish to be seen to be making a humiliating retreat in advance of the elections.

Since independence, Indian Prime Ministers have generally benefited at election-time from a consensus on foreign policy. Mrs Gandhi did so most strikingly in the "khaki" election that preceded the Indo-Pakistan war of 1971. Sri Lanka has already begun to erode the current consensus. So has the Indian parliamentary opposition, which has been advocating nationalist rights in Tibet and thereby undermining Mr Gandhi's policy on China. There is little doubt the opposition will further exploit the Sri Lanka issue if Mr Gandhi gives it the chance.

By no means least important, the Sri Lanka issue is embarrassing India internationally and damaging its status in the non-aligned movement. India values its reputation as a leader of the non-aligned – a cause traditionally championed by the Nehru family – and is equally valued by developing countries for the pressure it can bring to bear on issues such as race relations in South Africa. One former Indian diplomat says, "you can't go around preaching discussion and dialogue and not practise it in your own backyard. This is a fact of life we must face."

Some officials and diplomats think that India should get out of Sri Lanka quickly so that opportunities being opened by shifts in the world's political and economic realities are not missed.

India no longer faces the regional threats to its security that clouded the horizon in the early 1980s. Its fear then was that the Russian invasion of Afghanistan had been the cause of an alliance representing the worst possible threat to its security: a military regime in Pakistan backed by China and armed by the US as part of its conflict with the Soviet Union.

India's fears on this account help explain the substantial Indian arms build-up of the 1980s and the stronger influence of the military in the making of foreign policy.

Since then India has welcomed the advent of a civilian regime in Pakistan under Ms Benazir Bhutto. Ties with China have improved after Mr Gandhi's visit to Peking at the end of 1988 and the signing of an agreement that the two sides would pursue normal political relations notwithstanding their border disputes.

Tensions have been reduced by the Russians' withdrawal from Afghanistan. Many Indians believe this will be followed by an increasing disengagement of the US from the Afghan conflict. Early in 1989, the stage seemed set for further regional detente. India cut its defence spending. There was talk of SAARC making headway in regional cooperation. India was going to relate to its neighbours respectfully, rather than resentfully.

Much of this improvement has since evaporated because of the disputes over Sri Lanka and Nepal, the political weakening of Ms Bhutto in Pakistan and the crackdown in China. But the long-term opportunities remain.

The second area where the global context has changed in a way crucial to India is in the improvement of East-West relations in the Gorbachev era. Mr Jagat Mehta, a former Indian Foreign Secretary, says India's post-independence security problems "turned vicious because the India-Pakistan issues became enmeshed in East-West rivalry and the global strategy of containment and competition." As a result of détente, India's own relations with the US have much improved, notwithstanding such thorns as differences over nuclear policy, the launching of an Indian medium-range missile this year, and India's selection as a target for potential US retaliation under the "Super 301" provisions of the trade act.

Relations with the Soviet Union are also changing. India no longer looks to it for security and political support in the way it did during the 1971 Indo-Pakistan war or in its border quarrels with China. The emphasis is shifting much more to economic concerns.

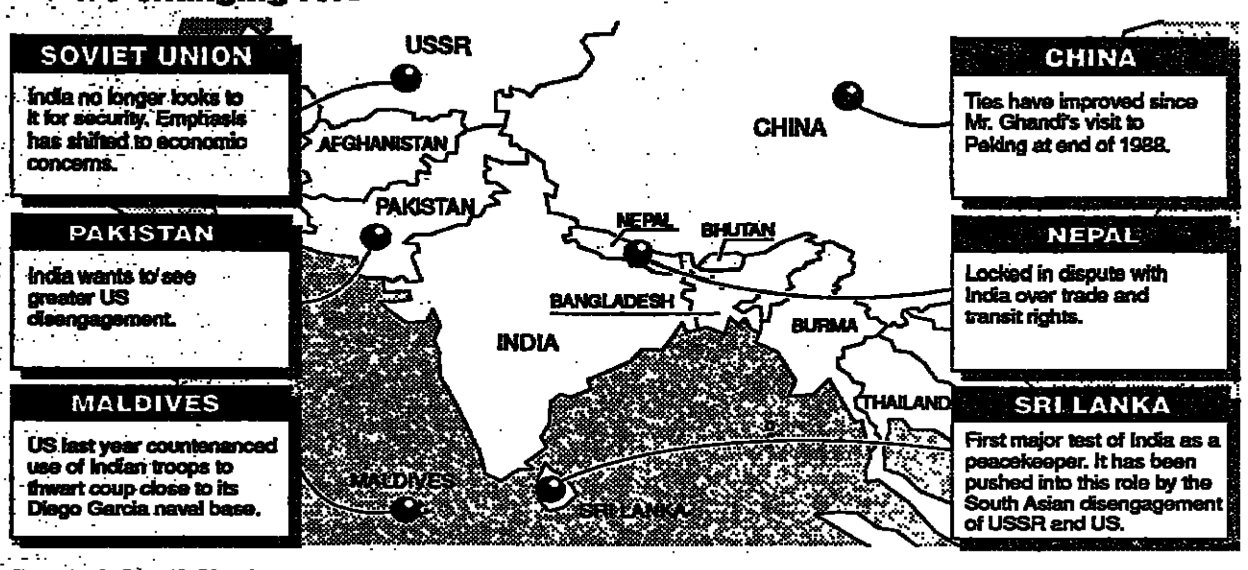
The third area where perceptions in India have changed is in the importance attached to economic power. India had allowed itself to slip behind the economic growth of east Asia partly because of its emphasis on self-sufficiency, industrial protection and resistance to foreign technology. Over the last few years, policy has begun to shift with a recognition of the need to open up the economy.

Parallel with this there has been a shift in diplomatic focus towards Japan, Europe (especially West Germany), and the US. It would be misleading to say that India would have responded more rapidly to these challenges if there had been no Sri Lanka crisis and no elections. India is a country weighed down by insecurities that spring from the traumas of partition at the time of independence, the humiliation of defeat by China in 1962, the fears of interference by the US or other "foreign hands" and an abiding sense of the fragility of the Indian union. Senior Indian officials are "beset by spectres," says one diplomat.

In such a context, policy makers put a premium on maintaining Indian military strength and projecting power even at the risk of provoking resentment among neighbours who feel they are treated as "client" states. By contrast, an India that feels less threatened by the spectres of its past and more self-confident is likely to be more ready to take the risks to put its relations with its neighbours on a more even footing. It would also be happier about developing joint resources, particularly the water potential of the Himalayas.

Confidence depends on the economy continuing to grow faster than it has in the past. It will depend on the strength or the weakness of the government that emerges after the election. But it also will depend on how deftly Mr Gandhi handles the Sri Lanka crisis between now and then.

India's changing role



> India is a country weighed down by insecurities that spring from the traumas of partition at independence and an abiding sense of the fragility of the Indian union

LOMBARD

Why Britain is less special

By Peter Riddell

A SIGNIFICANT shift in US attitudes towards Britain has occurred since the Bush Administration took office last January. The US has reassessed its view of the European Community, and hence of Britain's role as a member.

The implications for Britain – and how it should handle relations with Washington – are largely unappreciated. This is because most attention so far has focused on the "special relationship," and the personal chemistry between President George Bush and Mrs Margaret Thatcher, the UK Prime Minister. Mr John Major, the UK Foreign Secretary, is due to make his first visit to Washington early next week.

References to the "special relationship" often obscure more than they illuminate, by confusing mutual affection and heritage with common interests. One US academic recently remarked that he could see that it was special – but what was the relationship? Britain may have a place in many Americans' hearts, but not necessarily in their decisions.

Mrs Thatcher undoubtedly enjoyed special access to President Reagan, based on a common outlook. She used this sparingly but effectively; she persuaded the President to drop the US anti-trust suit against British Airways before its privatisation.

Likewise over arms control: after the Reykjavik summit of October 1986 she was a player in the Washington debate, siding with the Pentagon to prevent a nuclear-free Europe. But the closeness was artificial. It was bound to change under any successor in the White House, and it has.

Moreover, while Mrs Thatcher's views are still influential, the Bush Administration is more detached. Mr James Baker, the US Secretary of State, has been privately very critical of Mrs Thatcher, and he has paid more attention to working closely with West Germany. By exaggerating the British input into the compromise communiqué on arms talks at the Nato summit three months ago, Mrs Thatcher may still be making the wrong inferences.

More important, however, is that the Bush Administration takes the EC more seriously than its predecessor did. For instance, where Mr Jacques Delors, the President of the Commission, was treated perfunctorily when he visited Washington during the Reagan years, he was received like a head of government by Mr Bush last June.

There are two main reasons for this change. First, after some initial hostility the Bush Administration now welcomes the 1992 creation of a single European market – in part because it believes that a positive attitude is the way to dilute any protectionist tendencies in Brussels. Second, Mr Bush believes that a strong, integrated western Europe is a force for political stability at a time of such momentous upheaval in eastern Europe.

Underlying both these is a more explicit acknowledgement by the Bush Administration of the constraints applied by the US budget deficit on US foreign policy. The US now has to seek partners, both in Europe and Asia. There was a vivid illustration of this at the Paris summit in mid-July, when the US welcomed the idea that the European Commission should take the lead in co-ordinating help for Poland – a symbolic event of considerable importance.

The US is viewing more issues in a "European" focus. The Administration listens when a Community-wide case is being made on any one of the current large number of trade disputes; it is less receptive to particular national arguments.

Britain needs to adopt a different approach and tone on EC matters. It is no good, any longer, trying to stand apart, pleading a special case. Britain is regarded in Washington now as one among a number of important European allies. Indeed, to the extent that Mrs Thatcher's style isolates her from other European leaders, the US may view her as less influential, even on issues (such as agricultural subsidies) where the two countries agree.

The clear message in Washington for Mrs Thatcher (and for Mr Major) will be that the US wants Britain to play a full part in an integrated Europe – which it welcomes.

LETTERS

What it might mean to be a 'reform communist'

From Mr David Evans.

Sir, The struggle to undo the mess of existing state socialism in eastern Europe will require warm-hearted humanity, cool analysis and a lot of human resources. John Lloyd's article "The comrades' last fight" (Weekend FT, September 2-3), by muddling attempted objective analysis with a potentially dangerous ideological shadow, hinders rather than helps that process.

By using the terms "communism" and "state socialism" interchangeably, Mr Lloyd is a slave to post cold-war ideological echoes about saving eastern Europe from communism. He also draws too close to the heated language used by those involved in the political struggle for change in eastern Europe.

It should be remembered that these struggles are against political parties which have only had the achievement of communism as a long-term aim. In no case has a ruling party of an existing socialist country succeeded in implanting more than state socialism – often stated quite succinctly in the very name of the country, as in the "Union of Soviet Socialist Republics." It would extract much heat (and shed more light) if political parties and states were consistently referred to by their proper names in a serious analysis.

John Lloyd rightly notes that, in the West, Marxism has become an analytical structure: a way of looking at the world. Not surprisingly, using the language and concepts of this tradition against its vulgarisation into a ruling ideology is difficult.

Analytically speaking, communism refers to a society in which each contributes according to his or her ability, and from which each receives according to need. Against this utopian ideal, state socialism as developed in eastern Europe is indeed rather different.

By concentrating ownership of alienable assets in the state, the ideal form of state socialism equalises the returns of alienable assets among its population.

Such a system does not aim to equalise the returns to inalienable assets – skills, acquired by training – or to share political power equally.

As such, state socialist systems are doubly exploitative in relation to communism: in the returns conferred to human capital; and in the privileged position of both the state apparatus and the ruling political parties.

In practice, existing state socialist systems have also shown cruelty, as part of the relations of dominance required to underpin their social order, but that is more a product of particular histories than the necessary outcome of the particular form of state socialism implemented after revolutionary change.

Within such an analytical context we can begin to make sense of what it might mean to be a "reform communist," in John Lloyd's terms.

Presumably this is someone who retains socialist, even communist, ideals, but sees the particular way in which socialism has been implemented as requiring reform – competitive markets and a civil society, among other changes, and the retention of a highly equitable distribution of the rewards to alienable assets.

One of the central issues facing the reformers of state socialism is just how ownership and rewards to alienable assets are to be rearranged. If centrally planned state socialism will not work, what new sets of property relations and forms of ownership and control are compatible with economic efficiency *and* equity in the distribution of rewards to alienable capital?

There is a long range of choice between the high and increasing concentration of ownership of alienable productive assets which characterise most western capitalist economies, and centrally planned state socialism.

Achieving reform of existing socialist countries without revolutionary change will require large resource transfers from West to East, combined with considerable political sensitivity to the risks and dangers involved. Muddling cold-war rhetoric with analytical argument does not help.

David Evans,
The Institute of Development Studies,
University of Sussex,
Brighton, East Sussex

Float early for Christmas

From Mr Nicholas Wright.

Sir, We know that the postal authorities have their busiest time of the year during the last few days before Christmas. Furthermore, everyone has read about the problems over the Abbey National flotation – not all of them related to the destruction of the share certificates. Surely the various Government departments are aware of these problems – or they do not appear to take any notice.

Why is it that the provisional timetable for privatising the water industry indicates that the documents of title are to be dispatched three working days before Christmas – that is, on Wednesday, December 20? It may also be assumed that repayment of surplus monies will be repaid at the same time.

Such a timetable will almost guarantee that these funds will be outstanding over the whole of the Christmas holiday period. Who benefits from the delay? Not the new investors.

I should have supposed that, to ensure that all the documents of title and any returnable funds would be sensibly dispatched, common sense and a revised timetable would have been used. Clearly neither has been on this occasion.

Nicholas Wright,
58 Ellerby Street, SW6

Identity in language

From Mr Ion Varlam.

Sir, I regret to see how wrongly your correspondents inform you. In several articles – lately James Blitz's article headlined "Gorbachev warns that Lithuanian protests have gone too far" (August 29) – the Financial Times mentions Moldavian as a language.

It has never been. Moldavia is the northern province of Romania, a former Grand Dukedom of three provinces: Moldavia itself (under Romanian sovereignty), Bucovina (half Romanian, half Soviet) and Bessarabia (the present Moldavian SSR).

The Romanian language has four dialects: Daco-romanian, Meglenno-romanian, Macedo-romanian and Istro-romanian. As their respective names indicate, three of these are located in the Balkans; only one is north of the Danube. Furthermore, Transylvanians and Moldavians never referred to their language as "Moldavian" or "Transylvanian:" they always called it "Romanian."

What the Soviet Moldavians are doing now is asking for the use of their own language – that is, Romanian – in the schools, the administration, the courts and the media of their country.

Ion Varlam,
33, rue Julien Lacroix,
75020 Paris, France

Dead letter day

From Mr John V.C. Butcher.

Sir, Tony Barnes suggests (Letters, September 1) that to help reduce the UK trade deficit, the Government should abolish the annual change in vehicle registration letters.

He has a good point. The larger overseas car manufacturers are more easily able to switch production to cars for the UK market, in anticipation of the UK August sales bonanza, than the smaller UK manufacturers whose production lines are not so flexible. So imports can be priced more keenly, resulting in greater demand for them – with a consequent adverse effect on the balance of trade.

But rather than abolish the annual letter change, there is surely a more attractive solution. Buyers of new cars could be allowed to opt for paying extra for a letter for a future year, the price increasing substantially the further ahead the letter is. The enormous prices at which cherished numbers are advertised show the scope for turning this into a "nice little earner."

It would not result in fraudulent claims for second hand sales of cars with later registration letters: the vehicle registration document would still show the month of first registration, which could be shown on the licence disc each year.

If this "forward sale" of letters were introduced, with prices varying each month, the need for the August car sales bonanza would disappear, to the benefit of the motor trade and some benefit to the balance of payments.

John Butcher,
Chestnut Heights,
18 Bramble Rise,
Cobham, Surrey

FINANCIAL TIMES
Thursday September 7 1989

Airlines seek single traffic control system for Europe

By David Buchan in Brussels

THE MAIN grouping of European airlines yesterday called on their governments to create a single air traffic control system to reduce congestion in Europe's skies and to save as much as $500m a year.

In its White Paper the Association of European Airlines (AEA) asks governments to launch, and conclude within two years, negotiations to set up a pan-European body to rationalise traffic control investment and reduce the 42 control centres to six.

It proposes that the 22 governments in the European Civil Aviation Conference *should co-ordinate safety and* performance standards through Eurocontrol, but that they and the airlines should establish and own a Central Holding Company (CHC). This body's function would be to finance air traffic control, to direct investment and "in the long term" to reduce the number of control centres.

Airline user fees of the traffic system would go to the CHC, instead of into the coffers of national governments. As a result, airlines would get a direct say in how the user charges they pay are spent.

The study, which brings together 21 airlines from 20 countries, says Europe last year spent as much as the US ($1.6bn) in guiding aircraft between airports, but handled less than a third of the flights. Despite this, delays of more than 15 minutes on AEA members' flights in Europe rose to an all-time high of 30 per cent in June and July.

The total cost penalty last year is put at $4.19bn. This includes the cost to airlines of ground delays and extended flight times, high production costs for control equipment, indirect costs to the European economy, and the value of lost passenger time. The AEA puts the value of lost time spent by passengers having to hang around airport lounges, sitting on the tarmac waiting to take off, and circling to land at $21.50 per hour; in the US the figure is rated at $25.

The report suggests that whatever efforts governments may make – principally through the under-used Eurocontrol organisation – to improve "flow management" in air traffic will not solve the basic problem of inadequate air traffic control capacity. Flow management, it says, simply rations available capacity, minimising the impact of delays by holding aircraft on the ground instead of in the air. The basic answer, the AEA argues, lies in rationalising the 42 so-called en-route control centres.

"These centres operate with different levels of performance and technology, with no commonly agreed standards, and a lack of compatibility between the different systems," said Mr Karl-Heinz Neumeister,

Contractors may raise extra funds for tunnel

By Andrew Taylor in London

THE FIVE British and five French construction companies contracted to design and build the Channel tunnel have said they might be prepared partially to underwrite a share issue to raise extra funds for the project.

Escalating construction costs means up to a further £1bn may have to be raised.

The project was forecast to cost £4.87bn ($7.49bn) in November 1987. Last October, Eurotunnel announced this figure had risen to £5.22bn partially to meet the cost of tunnelling delays.

Revised bonus arrangements agreed with contractors at the beginning of this year potentially added a further £160m to the cost.

Mr Alastair Morton and Mr André Benard, Eurotunnel's joint chairmen, announced in July that they had begun discussions with the project's bankers to raise additional funds.

There are, however, differences of opinion between the contractors and Eurotunnel over how this money should be raised.

Eurotunnel, the Anglo-French group which will own and operate the tunnel under licence from the British and French governments, has so far set its face against a rights issue which could damage further the group's share price and dilute future earnings of existing shareholders.

The general view among the ten contractors, who were founder shareholders of Eurotunnel, is that a share issue would be the best way to proceed.

Options, according to the contractors, might include a rights issue, an issue of cumulative preference shares or some kind of convertible bond.

One British contractor said: "Eurotunnel has suggested extra money might be raised by some kind of mezzanine finance or junk bond. We believe such a scheme would be difficult to market and a share issue would be the best alternative."

A suggestion that the British and French construction companies might underwrite part of a share issue was made at a meeting between Eurotunnel and the contractors to discuss rising costs.

Eurotunnel and Transmanche, a consortium representing the contractors, are currently preparing revised costings for the project's bankers, who have so far provided £5bn in loans and standby credits. Another £1bn was raised by share issues in 1986 and 1987.

Both share issues succeeded only after a great deal of difficulty. Eurotunnel's share price, however, has risen dramatically since the group raised £750m in November 1987 when 220m shares were offered at 350p.

Last night, Eurotunnel shares closed at 740p. Eight weeks ago the shares stood at £10.93. This was before Eurotunnel announced it was talking to its bankers.

Contractors say relationships with Eurotunnel have improved substantially following senior management changes in both organisations.

Bush's $7.8bn drugs initiative met with calls for more cash

By Lionel Barber in Washington

PRESIDENT George Bush's $7.8bn plan to combat drug abuse in the US won broad praise yesterday, but Democratic Party critics in Congress said they want to spend more money to fight the drug war.

Mr Bush's long-awaited plan, announced in a televised address from the Oval Office on Tuesday night, shifts emphasis of the anti-drugs campaign from foreign producers to the American consumer, whose appetite for illegal narcotics has helped fuel an explosion of inner city violence.

In a 150-page presidential report released yesterday outlining the drug strategy Mr Bush describes US consumption of drugs as a "crisis of national character."

This tone of contrition is aimed partly at winning international support for joint efforts to tackle drug trafficking, as well as foreign funds for a forthcoming $2bn five-year multilateral economic aid package for the cocaine producing Andean countries of Colombia, Peru and Bolivia, officials said yesterday.

Democrats welcomed the simultaneous attack on sellers, users, suppliers, but voiced concern that Mr Bush was not providing enough funds to get the job done. They also criticised the allocation of funds in the anti-drugs budget: some 70 per cent is devoted to law enforcement and 30 per cent to treatment and education.

The plan envisages an increase in budget authority for the fiscal year 1990, starting next month, to $7.86bn – a 39 per cent increase over the previous year – but only $717m above the President's request for new spending in his fiscal 1990 budget and anti-crime package earlier this year.

The money is to be raised by cutting many domestic programmes favoured by Congress such as public housing and economic development.

The modest rise in spending was criticised by Democrat Senator Joe Biden: "What we want is another D-Day, not another Vietnam, not another war on the cheap."

The President stressed that Mr William Bennett, his top anti-drug aide, had drawn up a comprehensive plan which would be co-ordinated throughout the Federal Government.

Mr Bennett's main task in the coming weeks will be to try to keep his plan intact in the face of Congress' desire to make big changes.

Yesterday, Democrats – who have a majority in both the House and Senate – seemed divided about calls for new taxes to support their plans for more spending.

Mr Tom Foley, House Speaker, said it was "futile" to call for a tax increase without the administration's support, but other Democrats called for a 1 per cent surtax on corporate and income levies.

Christian Lebanese students end their protest against US failure to back demands for the withdrawal of Syrian troops following Washington's decision to close its embassy in Beirut

US closes embassy in Beirut

By Lara Marlowe in West Beirut and Lionel Barber in Washington

THE US withdrew all its remaining American diplomatic staff from Lebanon yesterday and closed its embassy in Beirut amid fears that the building might be overrun by demonstrators.

US officials said security at the embassy, where Christian Lebanese protesters had gathered, had become so poor that there were fears diplomats might be seized as hostages.

Thirty US diplomats left for Cyprus in helicopters at 7 am, ending six years of direct US involvement in Lebanon.

US troops were stationed there in 1983 as part of a peacekeeping force, but they were withdrawn after terrorists blew up the US marine barracks killing 241 servicemen.

Militant Islamic groups took 10 US hostages during the period – two of whom are now dead – and the embassy played a substantial role in the abortive Iran-Contra weapons-for-hostages deal.

The closure of the embassy was approved at a White House meeting, headed by President Bush, on the recommendation of Mr James Baker, US Secretary of State, who had spoken to the US ambassador in Beirut, Mr John McCarthy.

It is understood that the US also invited the UK government to withdraw its diplomatic staff from Beirut, but Britain declined on the grounds that the threat by Christian militia was specifically aimed at Americans.

The immediate reason for the closure was a demonstration on Tuesday by about 1,000 Lebanese Christian students demanding that the US take the side of General Michel Aoun, the Maronite leader, in his campaign for the withdrawal of 40,000 Syrian troops from Lebanon.

The demonstrators fled when shelling resumed on Tuesday night, but threatened to continue their "siege" of the heavily fortified building.

The assertion that the Lebanese Christians objected not to the American people but to the policy of the US Government, the use of the word "siege" and threats to cut off the embassy's water supply were reminiscent of the taking of the US embassy in Tehran in 1979.

Gen Aoun has increasingly taken the position that whoever is not for him is against him. After Mr McCarthy insisted that there could be no military solution to the crisis, the head of the three-man military government in east Beirut refused to receive the American diplomat.

A State Department spokeswoman said that a senior department official, Mr Dennis Ross, would this week meet a Soviet official to discuss how to bring about a ceasefire in Lebanon. "The US is not abandoning Lebanon," she said.

Lubbers' coalition looks set to keep power

By Laura Raun in Amsterdam

THE DUTCH coalition headed by Mr Ruud Lubbers last night looked set to hold on to its ruling majority in yesterday's general election, with more than two-thirds of the ballots counted. The Christian Democrats and Liberals together had won 76 of Parliament's 150 seats, with 72 per cent of the results in.

Mr Lubbers appeared headed for a third term as Prime Minister, and his Christian Democrats seemed likely to emerge as the largest party in Parliament.

The Christian Democrats were stable at 54 seats while the right-of-centre Liberals lost five, ending up with 22. Previously, the coalition had 81 seats.

Mr Lubbers is expected to try to breathe new life into the old coalition with the Liberals if their governing majority is maintained. But the junior partners have warned that they may balk if they are too heavily dominated by the Christian Democrats. With 54 seats, the Christian Democrats would be the biggest party.

Voter turnout was around 80 per cent, considerably lower than the 85.5 per cent in 1986. Mr Lubbers' durable popularity and impressive record apparently will allow him to stay in office and keep the opposition Labour party out of power.

Voters were signalling a vote of confidence in his promise to start sharing out the fruits of austerity policies which marked his first two terms. The campaign was also dominated by environmental issues following the government collapse last May over a sweeping plan to clean up pollution.

The opposition Labour Party lost three seats, ending up with 49, according to to the incomplete results. Labour had hoped to regain power after nearly 12 years in opposition and seven years of a centre-right coalition.

Mr Wim Kok, the Labour leader, had touted a new pragmatism in hopes that the Dutch Labour Party would pave the way for Europe's other Socialists to reverse the conservative tide of the past decade. Some of Labour's support apparently was siphoned off by Green Left, an alliance of left-wing parties championing environmental causes.

Under The Netherlands' pro*portional* representation system the entire country is considered one constituency. If a party wins 10 per cent of the vote it gets 120 per cent of the seats in Parliament. In 1986 the Christian Democrats won 34.6 per cent or 54 Parliamentary seats; and their *junior* partners, the Liberals 17.4 per cent, or 27 seats. The Socialists captured 33.3 per cent, yielding 52 seats.

The Liberals brought down the government last May by opposing a financing measure for a sweeping environmental clean-up plan. Their losses at the hands of voters yesterday were viewed as punishment for the collapse as well as for internecine squabbles.

Negotiations to form a new government begin today when Queen Beatrix receives a parade of parliamentary and political leaders and then appoints a formateur, whose job is to weld a new coalition.

THE LEX COLUMN

More creepers over Chinese walls

The second of the Department of Trade and Industry's long-running series on the funny goings on in the Consolidated Gold Fields share register is not as good a read as volume one on the De Beers connection, or the recent report on County NatWest. But it still leaves a lay reader more than a little uneasy about what is accepted business practice in certain reputable corners of the City of London.

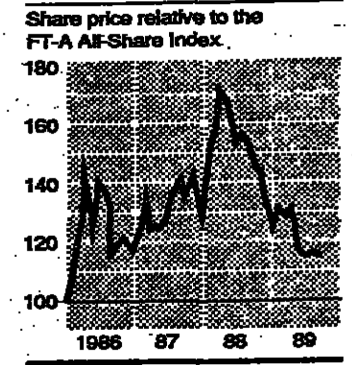
It is a tale of a well known broker which, having sold a customer on the idea of building up a secret stake in Gold Fields, starts buying substantial amounts of Gold Fields' shares for its own account at the same time. Apparently, this sort of thing goes on all the time behind the City's chinese walls but the DTI inspectors are probably not the only ones that find it surprising.

The facts are not in dispute, just the motives. In the three months to end October 1986, James Capel bought nearly 1m shares in Gold Fields for its own account during which period it was helping American Barrick acquire its stake and the Gold Fields' share price had risen by a third. There is no suggestion that Capel infringed the concert party rules but the DTI inspectors are not convinced by Capel's arguments for its share purchases.

While some institutions, particularly on Wall Street, halt trading for their own account when they are engaged in corporate activity, Capel's argument is that this would have given the game away. This may be so, but at least it would have prevented it from the embarrassment of being sued by American Barrick.

Williams Holdings

Williams Holdings
Share price relative to the FT-A All-Share Index



Imagination is still there at Williams, and in abundance. But the 10p drop in the shares after yesterday's interim figures shows that the market's wary attitude to the Derbyshire deal-makers lingers on too. Williams may never see again an opportunity as egregiously lucrative as its £133m purchase of Berger paints. What counts now, against the back-drop of weak demand for diy-related goods, is more evidence of sustained organic growth.

Yesterday's imaginative stroke lay in floating off the now-peripheral vehicle distribution side, by free allocation of shares to existing Williams shareholders. That Reg Vardy, another northern motor distributor, hopes to float on what looks like 12 times earnings suggests that the new ex-Williams company could be priced in the market at more than £40m. This may not be a gift, but it is much better news than a scrip issue.

Real worries lurk though in the rating of the shares on 9.5 times expected 1989 earnings. Partly, yesterday's share price weakness was a matter of digesting Williams' health-warning about diy, and some down-gradings of pre-tax profits forecasts to £155m. Nor has the balance sheet returned to the rude health it enjoyed before Williams' purchase of Pilgrim House/Kidde. Some £93m of disposals have cut net borrowing to £120m: but take a puritanical view, and strip out of Williams' net worth its £72m pension fund surplus, and net debt is some 53 per cent of shareholders' equity. Comfortable, but high historically.

Building sector

From the 6 per cent rise in Wimpey's earnings and the 2 per cent increase in Blue Circle's, one would never know that house building is one of the nastiest parts of the sector at the moment and cement is among the nicest. The secret is that one company has diversified well, the other spectacularly badly. Blue Circle has positively excelled itself in negating a 70 per cent increase in cement profits through its extravagant binge on consumer products at the top of the cycle. Although there is no sign of how much or little Birmid Qualcast added, that deal is looking increasingly over-priced. It is only to be hoped that the MMC prevents another act of wanton generosity on Myson.

Meanwhile, George Wimpey has proceeded with far greater caution, building a strong aggregates business in the US, spreading out its housebuilding geographically and having enough property deals in reserve to protect it from the worst of the squeeze in UK housebuilding profits next year.

Still, the market does not seem to draw much distinction: both companies have performed equally badly over the past year. For each, the only real chance of outperformance is a bid but in Blue Circle's case, it is difficult to imagine who might dare and in Wimpey's there is the probability that the Grove Charity Trust would put principles before profit.

Norton Opax

Norton Opax's large institutional shareholders will doubtless claim they had moral rectitude on their side in nudging it into yesterday's final bid for De La Rue. But the rights and wrongs are academic. The tangible effect of their action in prompting the increased offer now is to enhance Bowater's chances of blocking the De La Rue bid at next week's special meeting, clearing the way for its own takeover offer for Norton.

By lifting its offer to an effective price of £586m for De La Rue now, against Norton's own market capitalisation of £304m, Norton draws attention to the financial burden it could be taking on. And yesterday's Delphic utterances from De La Rue's 21 per cent owner Mr Robert Maxwell suggest that he likes the bid in principle, but would like it in cash. A rather tall order for Norton.

FKI

FKI merged with Babcock, then it unmerged. It bought into the US, then decided those businesses did not fit any more and were for sale. Now that the sale has fallen through, it seems the US is an essential part of the company once again. The purpose of all this chopping and changing was to give shareholders value but, by yesterday, all they had were shares worth less combined than the price at the time of the original Babcock merger. The multiple on FKI is no higher than when the company had its break-up brainwave and, given that the outlook for its business has deteriorated since then, it is perhaps lucky still to be on 8.5 times. If the Babcock shares have risen a bit recently it is because some people think it is about to be taken over. Given the fruitlessness of FKI's earlier efforts to sell the company, that hardly seems likely.

WORLD WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	26	79	Dubrovnik	S	23	73	Malta	C	26	79	Rhodes	S	30	86
Algiers	C	27	81	Edinburgh	F	16	61	Manchester	S	19	66	Rio de J'o	C	29	84
Amsterdam	C	22	72	Faro	F	26	79	Manila	F	34	93	Rome	S	25	77
Athens	S	29	84	Florence	S	25	77	Melbourne	F	16	61	Salzburg	F	19	66
Bahrain	S	38	100	Frankfurt	S	19	66	Mexico City	C	23	73	San Francisco	F	11	52
Bangkok	C	32	90	Funchal	F	23	73	Miami	S	28	82	Seoul	F	28	82
Barcelona	C	24	75	Geneva	S	18	64	Milan	S	24	75	Singapore	F	30	86
Beirut	–	–	–	Gibraltar	C	22	72	Montreal	F	16	61	Stockholm	F	19	66
Belfast	C	15	59	Glasgow	C	15	59	Moscow	F	15	59	Strasbourg	S	21	70
Belgrade	F	18	64	Guernsey	S	21	70	Munich	S	17	63	Sydney	S	20	68
Berlin	S	20	68	Helsinki	F	17	63	Nairobi	F	27	81	Taipei	F	32	90
Biarritz	S	21	70	H Kong	F	31	88	Naples	F	27	81	Tangier	S	28	82
Bombay	–	–	–	Innsbruck	S	18	64	Nassau	C	31	88	Tel Aviv	S	30	86
Bordeaux	S	25	77	*Inverness*	S	17	63	*New Delhi*	–	–	–	*Tenerife*	S	17	63
Brussels	S	21	70	Islamabad	F	35	95	New York	S	16	61	Tokyo	C	29	84
Budapest	S	19	66	Istanbul	F	23	73	Nice	S	24	75	Toronto	S	19	66
B Aires	R	13	55	Jakarta	C	34	93	Nicosia	S	29	84	Tunis	F	29	84
Cairo	S	33	91	Jersey	S	22	72	Oporto	S	26	79	Valencia	C	21	70
Cape Town	C	13	65	Jo'burg	S	11	52	Oslo	S	21	70	Venice	F	23	73
Caracas	C	25	77	Lima	C	18	64	Paris	S	21	70	Vienna	S	19	66
Casablanca	F	25	77	Lisbon	S	25	77	Peking	S	27	81	Warsaw	C	17	63
Chicago	C	21	70	London	S	23	73	Prague	F	16	61	Washington	C	19	66
Cologne	S	19	66	Los Angeles	F	17	63	Reykjavik	F	8	46	Zurich	S	17	63
Copenhagen	C	17	63	Luxembourg	S	19	66								
Corfu	S	27	81	Madrid	C	16	61	Readings at mid-day yesterday							
Dallas	–	–	–	Majorca	C	23	73	C-Cloudy Dr-Drizzle F-Fair Fg-Fog H-Hail R-Rain							
Dublin	F	18	64	Malaga	F	25	77	S-Sun Sl-Sleet Sn-Snow T-Thunder							

UK alternative to Delors

Continued from Page 1

out committing Britain at this stage.

In recent months Mr Lawson has supported plans which have an affinity to both the competing currency idea and the gold/commodity standard. Market-based proposals in which a "good" standard drives out the "bad" were the basis of his alternative proposals to the Commission's plans to harmonise value added tax rates in the community.

Mr Lawson, in opposing the Delors report since its publication in April, has spoken approvingly of the 19th-century gold standard as a system which does not require the loss of sovereignty which stages two and three demand.

There is some surprise among European officials that the UK Treasury has been considering a *commodity standard* for currencies.

Mr Lawson reacted coolly two years ago when Mr James Baker, the former US Treasury Secretary, proposed using a commodity-based indicator to help regulate currency movements in the Group of Seven leading industrial nations.

Thatcher seeks help for Poles

Continued from Page 1

that growth could and should be "green".

- acknowledgement that a better environment meant accepting the costs involved.
- acceptance that failure to address environmental consequences of development would damage not only industrialised countries but would also bear heavily on areas hit by problems of deserts or floods.

A "vast co-operative, international effort to understand, monitor and *predict global* change" was required.

ACCOUNTANCY COLUMN

US accounting standard delayed and revised

By Pratap Chatterjee in New York

FOR THE first time in its history, the Federal Accounting Standards Board (FASB), the US accounting standards setter, has not only twice delayed implementation of a standard but also agreed to revise it.

The standard in question is Statement 96, "Accounting for Income Taxes" of companies. According to Mr Lee Seidler, accounting analyst for Bear Sterns, the Wall Street brokerage house, in its original version the statement was "complexity gone mad, a horror."

Statement 96 had been intended to go into effect in January this year. Its introduction was delayed first by a year, then by another nine months to the final quarter of 1990. Although they call 96 "incomprehensible," an estimated third of US companies, particularly the bigger ones like American Express and General Electric, have already implemented it.

There were two principal objections to 96. The first was what companies saw as an "unfair" clause that expected them to deduct deferred tax liabilities, but not credit deferred tax assets. The second was the overload of detail it expected companies to provide, much of which companies did not already compute.

Fast growing companies are often given tax breaks based on their capital acquisitions, allowing them to defer tax on income against the depreciation of their assets. Because those are tax liabilities, 96 expects them to be deducted from financial statements.

At the same time, companies often accumulate tax assets from one of four principal sources – taxes paid that are refundable, temporary differences that can be deducted in the future, tax loss carry-forwards, and unrealised tax credits.

The standard in question is Statement 96, "Accounting for Income Taxes" of companies. According to Mr Lee Seidler, accounting analyst for Bear Sterns, the Wall Street brokerage house, in its original version the statement was "complexity gone mad, a horror"

One example of that was the reduction of maximum corporate tax rates from 46 per cent to 34 per cent in the 1986 Tax Act. Partly as a result of that, IBM, which has adopted the new rules, had $200m (£130m) of deferred tax assets last year which it was not allowed to put in its 1988 financial statements. IBM feels that, given its long history of profitability, it would be reasonable to assume it would be able to cash in those assets in coming years.

Its expectation is based on the assumption that the company will continue to be profitable – which FASB is not willing to let companies make.

Banks, for instance, accumulate tax assets because they pay taxes on income put in loan loss reserves on their financial statements until a debt is either paid off or written off.

Ms Donna Fisher, who heads accounting policy for the American Bankers Association, said: "FASB requires companies to make major assumptions about future health care cost trends, claims to be incurred and the dependency status of retirees and deduct it from their balance sheets.

"In doing that, they endorse probability. And the concept of probable future events is fundamental to many areas of generally accepted accounting. We think that serious consideration should also be given to deferred tax assets."

FASB contends that it would be inappropriate and might even be misleading to users to raise present income based on anticipated future profits.

According to Mr Timothy Lucas, the director of research and technical activities for FASB, even if they accepted recognition of tax assets, the matter would not be automatically solved. "Should the same probabilities and recognition be used for all [four classes of tax assets] or are those classes sufficiently different?" he said.

Statement 96 requires companies to schedule these tax assets and liabilities for each coming year in perpetuity. Companies would rather present an aggregate of the effects of the assets and liabilities.

Some companies that have adopted 96 say they have spent millions in doing so, and in some cases have had to change their computer systems.

Others have tried to turn it to their advantage. General Electric (GE), for instance made a accounting gain of $700m when it implemented Statement 96 last year. In order to turn that into an operating gain, the company restructured its business and charged a provision of $750m for it, effectively wiping out the gain.

In the course of the restructuring, GE wrote down its assets faster than it would normally have, paving the way for higher earnings in future years. Had it simply reported the gain last year, analysts would have ignored it as a cosmetic accounting change. But in the years to come when its profits rise faster, analysts will probably have forgotten the provision and may be willing to pay more for this "increasingly" profitable company.

Ms Fisher has suggested three possible ways of evaluating the probability of future profitability of a company:

- Limiting income projections to present business activity ratios;
- Project its income by assuming a static level of profitability over a predetermined time period;
- Project income based on a sale/leaseback plan of existing assets and liabilities.

IBM feels that, given its long history of profitability, it would be reasonable to assume it would be able to cash in these assets in coming years. It bases that on the assumption that the company will continue to be profitable, which FASB is not willing to make.

Mr Rick Peterson, a practice fellow at FASB who heads up the Statement 96 project, said FASB was considering the complaints about aggregation and tax assets and was planning to look at the alternatives companies have suggested. He hopes to have an exposure draft ready by the end of the year with new proposals.

US companies are privately toasting their recent victory. For almost four years the Business Roundtable, an association of chief executives of 200 of the biggest US companies, has complained FASB has been issuing standards that are incomprehensible and extremely expensive to implement.

For example, FASB recently disclosed plans for accounting for retiree health liabilities that could wipe up to $2 trillion (million million) off US company balance sheets. Another standard that came into effect this season could double the size of companies with big finance subsidiaries like Ford and General Motors without a big increment in profits.

Earlier this year a committee chaired by Ernst & Young managing partner Ray Groves made several recommendations to the Financial Accounting Foundation (FAF), the body that oversees FASB. They included a proposal that the standard setters should make an increased effort to solicit reviews once a standard is issued. Companies see FASB's decision to postpone and rewrite 96 as a step in the right direction.

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c. £ 25,000 **Surrey**

Our client is a major international group with a £2 billion turnover, and is a leading designer and manufacturer in the engine industry. Based in the U.K. Head Office, your role within the Marketing Group will be vital to the development of its multi-national interests.

Reporting to The Financial Director, your responsibilities will include financial control, analysis, planning, forecasting and reporting. Emphasis will be given to the group's overall profitability. Strong communication skills and computer skills combined with an ability to deal effectively with many cultures is crucial to success in the position.

Ideally, you will be a Chartered Accountant or an Economics/Business Graduate, probably with three years financial or commercial experience and have:

* evidence of a successful career to date
* drive and initiative
* the ability to communicate at all levels
* innate commercial awareness
* excellent analytical and problem solving abilities

The rewards, like the demands, are high and include an attractive salary, private health care, an excellent pension scheme with free life cover and genuine opportunities for career advancement.

Applicants, male or female, should send a full C.V. to John Greenway, Mercuri Urval Ltd, Spencer House, 29 Grove Hill Road, Harrow, Middlesex, HA1 3BN. Tel: 01-863-8466. Fax: 01-861-1978. Quoting reference JG/22/89.

Mercuri Urval

MANAGEMENT ACCOUNTANT

c. £35000 + car + benefits + career prospects

This is an unusual and exciting opportunity to influence business strategy and financial policy in a progressive and internationally renowned company in the drinks industry.

Based in London SW1 our client is a private family-owned company with a turnover of £46 million, and as part of its continuing expansion plans it has decided to appoint a Management Accountant to strengthen the management team. Reporting to the Finance Director, the person appointed will be expected to provide financial information for Board decisions, to analyse the economic and financial implications of company policies, and to assist with the management of funds.

Candidates, ideally 28-35, should possess 3-4 years' relevant experience in a strong management accounting environment where they will have contributed to the development and use of computer-based financial and management information systems. A professional qualification (FCA, FCMA or equivalent), the capacity to assume increased responsibility, good inter personal skills and an entrepreneurial approach are mandatory.

All applications will be treated in complete confidence and should be addressed to Richard Stokes at: Gorham & Partners Ltd., 190 Strand, London WC2R 1JN

Gorham & Partners Ltd.

VENTURE INTO CORPORATE FINANCE

Explode the myths surrounding corporate finance by attending our seminar. If you are awaiting PEII results or up to two years qualified, come and find out exactly what is involved and what is required from you. We have invited representatives from both the profession and the merchant banking world to give a short talk to explore career opportunities and suggest which may be the best option for you.

Kleinwort Benson

This prestigious UK merchant bank is renowned for its breadth of domestic and international corporate finance services and products. Its excellent reputation has developed over the years due to its close relationship with clients and its strong presence in the major financial centres worldwide.

Bankers Trust Company

Bankers Trust Company is one of the world's most progressive and innovative merchant banks. It is a recognised force in the field of leveraged management buyouts and through its global network has become a leader in the execution of international mergers and acquisitions.

Deloitte Haskins + Sells

Deloitte Haskins & Sells is a major international player in the corporate finance field and was one of the first firms to create a team dedicated to corporate finance work. Dealing in mergers and acquisitions, cross-border work, buy-outs, buy-ins and financial strategy, they see themselves firmly in at the transaction end of corporate finance, initiating and advising on deals.

There will be ample opportunity to ask questions and meet representatives on an informal basis. Wine and snacks will be available free throughout the evening.

TIME: 6.15-8.30 pm
DATE: 19th September 1989
PLACE: The Waldorf Hotel, Aldwych, WC2

If you are interested in coming along without obligation, or would like more information, please fill in the coupon below.

Name: ____________________
Address: ____________________
Work Tel: ____________ Home Tel: ____________
Date/Stage of Qualification: ____________
Please tick the appropriate box(es)
☐ I wish to attend the seminar "Venture into Corporate Finance" at the Waldorf Hotel on 19.9.89
☐ I would like to arrange an informal discussion with a consultant
Please return to Jayne Smith, Badenoch & Clark, FREEPOST, London EC4B 4HN.
Telephone (01) 583 0073 (Day) or (01) 542 8868 (Outside office hours)

BADENOCH & CLARK
recruitment specialists

Finance Director

Yorkshire *c£50k + benefits*

Our client is an expanding and highly successful major subsidiary of a privately owned international group. Based in South Yorkshire, the company produces and merchants specialist metals and chemicals. The business is profitable and has recently achieved significant growth to a current turnover in excess of £100 million.

The Finance Director will assume full responsibility for the financial affairs of the company, specifically financial reporting (including the continuing development of improved costing systems), currency management, new business development and acquisitions. He/she will lead a team of 20 based in Yorkshire and South London. It is possible the appointment may be made initially on a "Designate" basis.

Applicants should be qualified accountants, educated to degree level (ideally in a scientific discipline). A track record as "No 2" to the FD in a large (£100 million +) organisation or "No 1" in a smaller organisation is required. A high level of business awareness and commercialism, and experience of complex costing systems, preferably gained in process-based manufacturing industry is a key requirement. Previous involvement in currency management would be an advantage.

Please reply to Caroline Dunk, in strict confidence, with details of age, career and salary progression, education and qualifications. Please include a covering letter in your own handwriting and quote reference FT/7179 on both envelope and letter.

Deloitte Haskins+Sells
Management Consultancy Division
Cloth Hall Court, Infirmary Street, Leeds, West Yorkshire LS1 2HT.

National Power

FINANCIAL MANAGER

Business Planning and Modelling

London — to £37,000 + Car + benefits

National Power, which will be one of the largest companies quoted on the London Stock Exchange, is now in the process of recruiting key individuals who will make a major contribution to the future financial strategy of the organisation.

In particular, the central management accounting team requires a commercially minded accountant to input directly into the strategic business plan and liaise with colleagues at the highest levels throughout the commercial departments. He/she will manage a team of specialist staff and have specific responsibility for the production of financial reports for the Main Board, specifying 'user' requirements and working on ad-hoc management accounting projects.

To succeed in this role you should have gained previous experience in a commercial management accounting department and will have a strong appreciation of modelling techniques and the contribution their application can make to the development of a business. All applicants should be computer literate qualified accountants, educated to degree level, with the personal charisma to ensure the further development of the department. Extreme flexibility will be a bonus since the boundaries of the role are likely to be expanded as the organisation approaches the 1990's.

Please write in confidence sending full career and salary details, quoting reference C8621, to Hilary Douglas.

KPMG Peat Marwick McLintock
Executive Selection and Search
70 Fleet Street, London EC4Y 1EU

Senior Tax Positions in Scotland

Edinburgh and Glasgow — up to £35,000 plus car

The Price Waterhouse tax practice in Scotland has grown substantially over the last five years.

Further expansion has stimulated a need to recruit two highly experienced tax managers. These are senior positions, based in Edinburgh and Glasgow with good partnership prospects.

You are likely to be a chartered accountant or Inspector (SP) with considerable tax experience. Your responsibilities will include managing a portfolio of clients ranging from large international companies to small developing businesses. Complex tax consultancy assignments will feature regularly in your work, involving international tax, corporate finance and management buy-outs.

You will be expected to demonstrate excellent communication skills, a high level of commercial awareness and a thorough understanding of UK fiscal legislation. Both these positions will involve continuous client contact at main board or senior executive level.

In addition to managing a small team of tax consultants, you should be keen to play an active role in the general management and development of the tax practice, where attributes of adaptability and flexibility are considered important.

These positions offer attractive career prospects, technical and managerial training and the opportunity to play a significant role in the further success of a fast growing tax practice.

Applications will be welcomed particularly from those working outside Scotland who wish to 'return home' and to whom the firm will offer a substantial relocation package.

Initial interviews will be conducted in Glasgow and all applications, with brief CV should be sent, in confidence, to:

Tim Ambrose, Scotland Tax Staff Partner
Price Waterhouse
1 Blythswood Square
Glasgow G2 4AD.

Price Waterhouse

OFFICES IN: LONDON · ABERDEEN · BIRMINGHAM · BRISTOL · CARDIFF · EDINBURGH · GLASGOW · LEEDS · LEICESTER · LIVERPOOL · MANCHESTER · MIDDLESBROUGH · NEWCASTLE · NOTTINGHAM · REDHILL · ST. ALBANS · SOUTHAMPTON · WINDSOR · ASSOCIATED FIRMS IN IRELAND AND THE CHANNEL ISLANDS

Financial Controller

To provide strong financial leadership to an entrepreneurial high growth manufacturing company

EAST LONDON — circa £35,000 + Car

Reporting to the Managing Director and part of the senior management team, you would be responsible for raising the quality and profile of the finance function during a period of sustained growth.

My client is successful in a fiercely competitive sector and continues to invest heavily in a range of automated equipment in order to maintain the company's competitive edge and high quality standards. There is also investment in a new generation of computer systems for which you will be expected to provide direction.

The overall task, however, is to change the nature of the finance function to one where it plays a constructive fully integrated role in all decision making.

We are therefore looking for an individual who in addition to their technical skills has a strong sense of purpose, well developed interpersonal and communication skills and who can quickly become a vital part of a team. Our target is a qualified accountant, whose experience has been gained in a progressively managed manufacturing company.

Employment conditions are of a high standard and include relocation assistance if required.

Applicants of either sex should apply in confidence to Michael Johnson on (0962) 844242 (24-hour service) or write to Johnson Wilson & Partners Ltd., Clarendon House, Hyde Street, Winchester, Hampshire. SO23 7DX quoting ref: 992

Johnson Wilson & Partners
Management Recruitment Consultants

European Tax Manager (Designate)

M4 Corridor — c. £40,000 + Benefits

Our client is a world-renowned electronics group with a world wide turnover in excess of $8 billion. With a substantial and rapidly growing European business operating in all European countries, it is a leader in its field in terms of innovation, design and production.

Reporting to the European Tax Manager you will work closely with other members of the Corporation's financial functions to co-ordinate the tax planning and management of the European legal entities. In addition you will co-ordinate all European Tax Audits and review the practices of all entities to ensure compliance with policies, procedures and law, recommending changes where appropriate.

Probably in your 30's you will preferably be a qualified Accountant with a very good understanding of US tax requirements. You should have practical working experience and a thorough technical knowledge of European Tax affairs which will probably have been acquired in a multi-national or large professional organisation. Your success in this role will ensure your promotion to European Tax Manager.

The terms and conditions of employment are excellent and in addition to the attractive salary will include a choice of car, first class Pension Scheme, private Medical Insurance and relocation where appropriate.

To apply in the strictest confidence please telephone (0628) 75824 (calls will be answered 24 hours a day) or alternatively fax a full Curriculum Vitae on (0628) 776948 or write to Robin Rowe quoting ref 151 at GroveMore, 21-23 High Street, Maidenhead, Berkshire SL6 1JG.

GROVEMORE
advertise + search = select

Financial Controller/ Company Secretary

(Prospective Directorship)

London EC1 — c £40,000 + car + Profit Share

Our Client, a private, independent trading company with international interests, is looking to recruit a capable, experienced qualified accountant for the position of Financial Controller/ Company Secretary.

The Company, whose interests embrace the mining and sale of precious minerals, has a turnover of $200m with a healthy level of profit.

Reporting to the Chairman and Managing Director and working closely with the other directors, the position will have responsibility for the financial, computing, secretarial and administrative activities and ensure that effective control systems are implemented to provide a cost effective service to the Directors. As part of the senior management team the Financial Controller will be responsible for the reporting requirements of a private company.

Applicants for the position, ideally graduates, aged 30-45, should be qualified accountants with at least four years appropriate management experience gained, preferably, in a trading/ service industry environment. Familiarity with small/medium sized organisations and modern computer techniques are essential. Experience of working overseas would prove useful as the role will involve a degree of international travel, mainly in Europe.

Interested candidates should send a detailed comprehensive curriculum vitae, with salary details and quoting reference 4411 to:

Peter Childs, Director
Pannell Kerr Forster Associates
New Garden House
78 Hatton Garden
London EC1N 8JA

Pannell Kerr Forster Associates
MANAGEMENT CONSULTANTS

FINANCE DIRECTOR

SUNBURY-ON-THAMES

c£30,000 + Bonus + Car

1987 saw one of Britain's largest management buyouts producing a group with a turnover in excess of £600m. The size however is not the priority – management quality is. The group has ambitions to lead the market in business services.

Our client is a subsidiary of this group, experiencing rapid growth in the provision of a nationwide high technology service involving consultancy, installation and preventative care and maintenance on behalf of the world's leading manufacturers of electronic processing and communications equipment.

The basic framework of responsibility is the supervision of the Finance department ensuring the adequacy of control systems and the production of monthly, half-yearly and annual accounts. But . . .
The full contribution expected is

- **Direct involvement in shaping business direction to maximise financial performance.**
- **Strong leadership to enhance the credibility of the finance function at all levels throughout the company.**
- **Initially a "hands-on" approach to systems rationalisation overseeing the specification and installation of new technology where appropriate.**

As a graduate, qualified accountant, aged 30-40, you will have a proven track record in financial management in an industrial or commercial environment and will expect to be rewarded on a performance related basis. You will possess the business and communication skills to take advantage of career development opportunities at subsidiary and group levels.

Please contact **Gerry Pearson** on **01-387 8118** to arrange a full briefing on this opportunity.

SCOPE EXECUTIVE
Financial Recruitment
Euston House
81-103 Euston Street
LONDON NW1 2ET
Facsimile: 01-380-1595

A Division of Scope Executive (Recruitment and Consultancy) Ltd.

GROUP FINANCIAL ACCOUNTANT

£25,000+ — CAR + BONUS — MIDLANDS

This publicly quoted company, holding a unique position in the marketplace, continues to grow and expand its product range.

To enhance the level of financial expertise and prepare for the future retirement of the Group FD, the company have created this new position for an ambitious, young accountant. Aged 28-35, you must be a commercially aware ACA with proven management skills.

If you have the vision and capacity to handle this most senior appointment, rewards will include excellent salary package, company car, bonus, private health and pension schemes.

Please write with full C.V. quoting Ref. FT/GA, to Dianne Williams, PER, Bankfield House, 163 New Union Street, Coventry CV1 2PE.

PER RECRUITMENT CONSULTANCY

Financial Controller

c.£32K + Bonus + Car + Benefits

Our client is one of the best known names in the toys and games industry. Recent acquisitions have taken the revenues to approaching £30 million and more expansion is expected.

You will be the Senior Finance person reporting to the Group Finance Director of the plc. You will be responsible for controlling and streamlining all financial and accounting procedures, particularly with regard to production, labour and stock control through an integrated computing system.

Manufacturing experience is essential and a formal accounting qualification is desired.

You should be dynamic, self motivated and highly analytical, with the ability to achieve goals in a sleeves-rolled-up environment.

For further information please telephone or write to:

THE SEARCH PARTNERS
INTERNATIONAL
Recruitment Consultants
59 Catherine Place, London SW1E 6DY.
Telephone 01-630 9477.

Calgary Dusseldorf Hong Kong London Montreal Ottawa Taipei Toronto Vancouver Zurich

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THE CHARTERED INSTITUTE OF MANAGEMENT CONSULTANTS

results will appear today on Page 31.

FINANCIAL CONTROLLER

Building Up to Flotation

Essex/Underground — **to £27,000 + Car + Bens**

Our clients are a quality driven firm of building contractors and developers who have established an excellent reputation over the last 28 years amongst public and private sector clients in the South East. They have built and developed properties for commercial and residential use and equate their success with their commitment to the complete client service.

High calibre staff are the Group's most important asset. To join the company is to become dedicated to its future growth and, with flotation on the horizon, this will remain a crucial factor.

The role itself presents an ideal opportunity for a recently qualified or part-qualified accountant, (preferably chartered) with strong technical skills to exercise his/her ability to make things happen. Responsibilities will include:–

- Man-management; supervision of a staff of 10.
- Computer systems review and implementation projects.
- Flotation issues.
- Upgrading of management information procedures.

Ambitious, computer literate accountants are therefore invited to apply, enclosing full career details, to Hilary Douglas quoting reference H5940.

KPMG Peat Marwick McLintock

Executive Selection and Search

70 Fleet Street, London EC4Y 1EU

CHIEF ACCOUNTANT

- West End of London
- c. £35,000

International Bank are seeking qualified accountant to control accounting and reporting function.

Please reply with full C.V. to P.O. Box 4LS, London W1A 4LS

SCOTLAND

VENTURE CAPITAL

The extraordinary growth of venture capital business in Scotland has created unprecedented opportunities for experienced development capital professionals to combine a successful business career with Scotland's quality of life.

For a confidential discussion telephone Willie Finlayson on 031-226 6222 or write to:
Ian Wittet,
ASA International,
107/111 Fleet Street,
London EC4.
Tel: 01-353 1244.

ASA INTERNATIONAL

Financial Management

Kent M25 — **c£24,000 + car + bonus**

Our client, a UK-based multinational, is a market leader in the manufacture of building and allied products. They have an impressive track record of growth which is forecast to continue both organically and by acquisition.

Reporting to the Group Financial Controller, you will play a key role in monitoring performance of the subsidiaries in the UK and overseas. The work involves budgetary and financial control by appraising budgets, business plans and financial targets and reviewing these with local management.

As a qualified accountant, probably in your mid 20s, you will be seeking to build your career in a commercial environment.

Experience of computerised management information systems and spread sheets would be a distinct advantage.

It is the Group's policy to promote from within so career prospects are excellent.

The salary and benefits package is very competitive and includes a substantial performance-linked bonus and fully financed car.

Please write, in strict confidence, enclosing all information in support of your application, including salary details and relevance to the position, to Colin J. Hooker FCA quoting ref: 464.

DBA SEARCH & SELECTION

DBA Associates Limited
Clerks' Well House
19 Britton Street
London EC1M 5NQ
Tel: (01) 250 0003

CAREERS SEMINAR '89

The Mall Galleries
Carlton House Terrace,
London SW1
6.30pm - 9.00pm
Thursday 14th September

WHP

An opportunity for young accountants to discuss openly the realities of working with some of the UK's leading companies.

Clients will include:

BLUE CIRCLE INDUSTRIES · BRITISH SATELLITE BROADCASTING · BTR PLC · CABLE AND WIRELESS · CITICORP SCRIMGEOUR VICKERS · COMMERCIAL UNION · COURTAULDS · ELDERS IXL (INTERNAL AUDIT) · EMPORIO ARMANI · ESSO · EQUITY AND CORPORATE FINANCE plc · GRAND METROPOLITAN ESTATES · IMG · KLP GROUP PLC · MEDIA MARKETING LIMITED · MEGASAT · OTIS ELEVATORS PLC · PITNEY BOWES · THE RANK ORGANISATION · RIORDAN INDUSTRIES plc · SQUARE MILE COMMUNICATIONS · UBS PHILLIPS AND DREW · WACE GROUP PLC · YELLOWHAMMER.

*Due to confidentiality not all clients can be named.

Our aim is to provide a forum for you to explore new possibilities in commerce and industry.

To ensure a place is reserved, call Hilary Jones on 01-287 6285 (evenings and weekends 01-627 4974).

WALKER HAMILL
Financial Recruitment Consultants

29-30 Kingly Street
London W1R 5LB
Tel: 01 287 6285
Fax: 01 287 6270

Finance Director

East Anglia,

To £40,000, Car

This highly successful, profit accountable division (T/O £60m+) of a major plc is in the middle of an aggressive business development programme. Further acquisitions in mainland Europe and North America are planned to occur within the next two years.

Reporting to the managing director, the role encompasses all aspects of a senior financial position with strong emphasis on performance evaluation of operating subsidiaries, working capital management and the development of systems to meet the ever changing needs of the business. As a key member of the divisional board you will provide support and guidance on strategic planning matters. Additionally, you will also be expected to make your own constructive input to this decision making process which will shape the development of the business both at home and overseas.

Candidates, aged 30-40, should be qualified accountants who can demonstrate a strong track record of achievement at Senior Management level within an international, multi-site, manufacturing environment. A businessman, as much as an accountant, your strong character and ambition should be supplemented by first class interpersonal skills. A European language would be advantageous. The package includes relocation assistance to this attractive, yet affordable, part of the South East.

Male or female candidates should submit in confidence a comprehensive c.v. or telephone for a Personal History Form to, *D. Pottier*, **Hoggett Bowers plc**, *11-12 Queen Square*, **BRISTOL**, *BS1 4NT*. **0272-298433, Fax: 0272-279714**, quoting Ref: D16015/FT.

Hoggett Bowers

BIRMINGHAM, BRISTOL, CAMBRIDGE, CARDIFF, EDINBURGH, GLASGOW, LEEDS, LONDON, MANCHESTER, NEWCASTLE, NOTTINGHAM, SHEFFIELD, WINDSOR.
A Member of Blue Arrow plc

GROUP FINANCIAL CONTROLLER

NW London — **£28-32,000 + car**

Our client has a turnover of approximately £100m, and is involved in the design, importation and wholesaling of brand named goods, both internationally and in the UK. Rapid expansion is reflected in the average annual growth in profits over the past five years of between 40% and 60%. Continued growth is expected as new overseas markets are entered and new brands are launched into existing markets.

Reporting to the Group Finance Director, the Group Financial Controller will provide support and assistance in all areas including:

- Statutory Accounts and internal controls.
- Cash and profit forecasting.
- Management reporting and budgeting.
- Tax planning and currency management.

This role will involve significant international exposure, including advising and assisting overseas subsidiaries with their reporting requirements.

You will be a qualified accountant, who is prepared to adopt a professional yet shirtsleeves approach. Highly developed interpersonal skills are obviously crucial in this pivotal role and previous experience in a fast moving international environment is desirable. You are likely to be aged between 26 and 35, although individuals at the younger end of the range will need to demonstrate exceptional maturity.

If you wish to discuss this opportunity further, please contact Shirley Knight BA, MBA, ACMA, on 01-491 3431 or write to her at FMS, 14 Cork Street, London W1X 1PF enclosing a recent CV and note of current salary.

F M S
Search and Selection Specialists
for
Financial Management

Dynamic Private Health Care Group

Berks/Bucks close to M4/M25

Entrepreneurial Financial Controller

£32,000 + Car

Following a recent management buy-in, a unique opportunity has arisen for an entrepreneurial accountant to play a key role in the development of this ambitious young company within the high growth Private Healthcare Sector.

Based at their Manor House headquarters on the Buckinghamshire/Berkshire border and working closely with the Managing Director, you will be involved fully in the company's expansion programme which will cover:-

- Possible flotation on the USM
- Acquisition of new clinics/hospital groups
- Expanding the present business facilities and range of services

In addition, you will be responsible for the financial management of the business requiring the development of strong financial controls, overseeing the company's corporate financial strategy, appraisal of the financial aspects of operating policies and converting from manual to computerised accounting systems.

The ideal applicant will be a qualified accountant likely to be aged 27-33 and able to demonstrate business acumen, well developed financial skills and the ability to operate effectively at the highest level. Hospital experience is preferred.

Success in this important appointment will lead to excellent career opportunities with the potential to become Finance Director. For a detailed and confidential discussion contact **Lindsay Dell**, Consultant to the company, on **01-387 5400** (out of hours **01-740 5700**) or write to her at the address below

financial SELECTION SERVICES

Financial Selection Services, Drayton House, Gordon Street, London WC1H 0AN.

Financial Controller

(Directorship Potential)

Marketing Oriented

Milton Keynes

£30,000 p.a. + Car

This NEW high profile role requires a candidate who can command attention, is a lucid, quick thinker and comfortable in a marketing oriented environment.

Moving to new prestigious accommodation in Milton Keynes, the company—part of a major financial institution—specialises in employee incentives, sales promotion and communications, working for many of Europe's best known international and multi-national companies.

To accept total responsibility for every aspect of accounting and financial management, you will need to be fully qualified, aged under 35, self-reliant and with a record of achievement in a marketing oriented service industry environment. This achievement will indicate your potential for Directorship.

Your financial acumen must be supported by the strength of character and personal charisma to interface with a particularly dynamic young team and with clients at the highest level.

Initial salary is unlikely to be less than £30,000 p.a., with company car. A comprehensive executive benefits and incentives package is available including relocation assistance where appropriate.

For confidential consideration write with full career details and current remuneration to Nicholas C. Jenkins, or fax your C.V. quoting Reference Number 027789. Application forms are available if preferred. LINK Management Selection, 2a New Walk, Leicester, LE1 6TF. Fax: 0533 470506.

LINK

A determination to take full advantage of their opportunities in a fast developing market sector has led this well respected British PLC to form – via reorganisation and further acquisition – a new business division to bring maximum impetus to this area of their business activity.

FINANCIAL CONTROLLER

Up To £35,000

Northern Home Counties

Reporting to the MD of a newly appointed board the role will demand creative skills – initially there is a need to consolidate and develop the information structures – together with the commercial flair to participate fully in the planned growth of the business.

This new position is a key appointment and offers an ideal opportunity for an ambitious qualified accountant, with career aspirations to general management, to influence the strategic direction of a business at an exciting stage of its development. An industrial background is essential – ideally service or manufacturing related – and experience of multi location operations would be advantageous.

Applicants should write with career details to date and current remuneration to Paul Blake, CIMA, quoting ref no. 0704/FT, at: QMS Recruitment, The Crescent, King Street, Leicester LE1 6RX.

QMS Recruitment

Divisional Financial Controller

Berkshire *c.£33,000 + car & benefits*

Our client is a leading international engineering systems company, with a significant sales and service operation in the UK industrial and buildings markets. Based in Berkshire and active throughout the country their profitability has more than doubled in the last five years.

Having reorganised the finance function to meet the challenge of continued growth, they now wish to appoint a Financial Controller to be responsible for the financial management of a major division. The role requires a pro-active involvement in the business, supporting operational management decisions with accurate and timely information. The Financial Controller will advise on relevant aspects of contract negotiation as well as taking responsibility for the management of the Division's accounting systems.

Candidates must be Qualified Accountants, experienced in a sales and service based business environment. Earlier control of a sophisticated accounting organisation and strong personal skills are essential qualifications.

Please reply to Charles Vallee in confidence with details of age, career and salary progression, education and qualifications, quoting reference 5304/FT on both envelope and letter.

Deloitte Haskins+Sells
Management Consultancy Division
P.O. Box 198, Hillgate House, 26 Old Bailey, London EC4M 7PL

CHIEF FINANCIAL CONTROLLER

COMPUTER INDUSTRY

West of London

To £45,000 + Car & Benefits

With revenues in excess of £26 million world-wide, this fast growing international company is a leading supplier of specialist software products and consultancy services in its strategic markets. Headquartered in the U.K. with subsidiaries world-wide, the growth in existing markets and development of new geographical markets has created exciting opportunities.

Reporting to the Managing Director and working closely with other key managers in the Group, the Chief Financial Controller's main responsibility will be to contribute strategically to the future growth, planning and business development of the Group worldwide.

You will need to be a tough minded qualified accountant with several years hands on experience in large multi-nationals as well as smaller client orientated businesses. Likely to be aged between mid 30 and mid 40, you will have proven business acumen, a professional results orientated approach, analytical ability of a high order and excellent communication skills.

This is an outstanding career opportunity offering exciting prospects, as indicated by the excellent remuneration package offered.

Please reply to Vanessa Barrow enclosing a full CV quoting reference number CB/18 or telephone Vanessa on 0734 393833. Kennedy Martin Search & Selection Consultants, 4th Floor, Abbey Gardens, 4 Abbey Street, Reading RG1 3BA.

KENNEDY MARTIN
Search & Selection Consultants

FINANCIAL CONTROLLER MEDIA/TV

London W1 **up to £35,000 + car + benefits**

This is an exciting opportunity to join a small, but extremely fast growing, privately owned company whose business is mainly in TV post-production work. It currently employs over 100 people. The company has ambitious growth plans, and the successful candidate will play a key role in supporting their implementation.

The position will report to the Finance Director and manage all accounting functions but will focus on the provision of relevant and meaningful management information to the board. It will manage a motivated and extremely competent group of six, and will supervise their relocation from Bromley to the West End.

You are likely to be a young, graduate chartered accountant with at least three years experience in a fast moving and creative service environment, looking for a chance to get some real hands on experience and take on more responsibility.

Please send a comprehensive CV including salary history and daytime telephone number quoting Ref. 3057 to Bruce McKay, Executive Selection Division.

Touche Ross
Thavies Inn House, 3/4 Holborn Circus, London EC1N 2HB.
Telephone: 01-353 7361.

DOW

Treasury Analyst

Nr Heathrow £ Attractive + Benefits

The Dow Chemical Company is one of the largest chemical corporations in the world with a turnover in excess of £16.7 billion.

Its highly professional Treasury department is responsible for managing the financial risks inherent in an international business, including foreign exchange, interest rates and customer credit. Operating in a decentralised environment, the company has active treasury teams in financial centres around the world.

We are seeking a highly self-motivated and innovative individual to join our team at the new UK headquarters in the prestigious Stockley Park Business development. Working initially as a Credit Analyst in the Customer Financial Services area, this position affords excellent opportunities (both in the UK and abroad) for rapid personal development within a dynamic environment which will require the ability to adapt to change and respond to new ideas.

Candidates (aged 24-27) are likely to be MBA's, qualified accountants (or within 12 months of qualifying) with at least 2 years' experience of financial management in a commercial or banking environment. Exceptional analytical and interpersonal skills together with fluency in the use of computers are essential prerequisites.

In addition to an attractive salary, we offer an excellent range of benefits including share purchase scheme, private health and pension plan and relocation assistance where appropriate.

Interested applicants should contact Gary Watson on (0753) 856151 or write to him enclosing curriculum vitae, including salary details at Michael Page Finance, Windsor Bridge House, 1 Brocas Street, Eton, Berkshire SL4 6BW. Quoting ref: SV 1071.

Michael Page Finance
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham
Manchester Leeds Newcastle-upon-Tyne Glasgow & Worldwide

ACCOUNTANTS

Can you judge a Business Risk?

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also appears today on pages 31-35

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As travel to Europe may be frequent, it would be advantageous if candidates could speak one alternative European language. Please send brief personal and career details, quoting the relevant reference, to Tina Willoughby, Ernst & Young Search and Selection, 21 Conduit Street, London W1R 9TB.

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FINANCIAL TIMES
COMPANIES & MARKETS
Thursday September 7 1989

INSIDE

Molins' independence hangs in balance

Molins, the cigarette machinery manufacturer, is again in the final hours of an attempt to fend off a takeover challenge. Shortly after the offer from IEP Securities closes tomorrow afternoon, it should be known whether Molins will fall into the hands of Sir Ron Brierley, the New Zealand businessman, or continues an attempt to correct independently its erratic performance. Ray Bashford reports. Page 30

Operadora's revenge

When "El Crack Bursatil" struck and the Mexican stock market crashed in 1987, hardest hit was the country's leading brokerage house, Operadora de Bolsa. Since then it has clawed its way back and, although its performance has not matched the dramatic resurgence of the Mexican market, Mr Abelardo Morales Purón (left), chief executive for less than a year, says the firm is close to regaining parity with its arch-rival at the top of the country's broking league. Page 46

LME makes its intentions clear

The appointment of Mr David King as its next chief executive is a clear indication of the way the London Metal Exchange views its future priorities, writes Kenneth Gooding. And, as he prepares to take on the job, Mr King, a chartered accountant and MBA with experience of a variety of commercial activities, makes clear that he has ideas for what he describes as "a silent giant". Page 36

Sunny days for insurer

Sun Alliance chief executive Mr Roger Neville said the group's achievement in increasing interim pre-tax profits from £182.3m ($281m) to £191.4m after the excellent results of 1988 was particularly satisfactory, given increased competition on world-wide markets. The UK composite insurer's result fell slightly short of stockbrokers' analysts expectations, but this was attributed mainly to the strengthening of the UK employers' liability account and losses on a series of large fires. Page 24

Cash boosts for European banks

Two of Europe's biggest banks yesterday made moves to boost their capital bases. As Dresdner Bank, West Germany's second largest, launched a DM1.2bn ($603.7m) rights issue, it was announced that Caisse des Dépôts et Consignations, the French state financial institution, had received the approval of its supervisory board to take a stake in Crédit Lyonnais, France's second largest bank. Page 21

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
BMW	524.5	+	9
Kaufhof	560	+	9
Linde	823	+	11
Falls			
Daimler	838	−	13
Dresdner Bank	354	−	5.3
Viag	341	−	8

NEW YORK ($)			
Rises			
Battle Mount.	14½	+	¾
Georgia Gulf	59¼	+	1¾
Falls			
AMR	87½	−	2⅜
Delta	79	−	2½
Procter & Gam.	125⅞	−	3⅛
UAL	287¼	−	3¼

New York prices as at 12.30pm.

PARIS (FFr)			
Rises			
Drouot Ass.	578	+	27.2
Epeda	1400	+	31.8
Falls			
Alspi	611	−	27.7
Hachette	440	−	15.4
Thomson	199	−	10.4
Total Ord.	97	−	2.9

TOKYO (Yen)			
Rises			
CMK	3750	+	500
Nissan Food	4350	+	500
Pokka	2820	+	280
Falls			
Kyotaru	1970	−	220
Sasaki Glass	1690	−	160
Shin-Kobe	1220	−	110

LONDON (Pence)			
Rises			
Beleway	180	+	8
Brent Walker	384	+	10
Capital Radio	1078	+	75
Carlton Comms.	904	+	5
De La Rue	362	+	16
Redland	565	+	13
Tilbury Grp.	657	+	18
Falls			
Allied-Lyons	559	−	7
Brit. Aerospace	702	−	13
Bunzl	138	−	14
Burmah	645	−	18
Eurotunnel Uts.	720	−	20
Hanson	220	−	12
Imp. Chems.	1090	−	20
Kleinwort Ben.	360	−	10
Lucas Inds.	667	−	12
Morgan Grenfell	438	−	13
Polly Peck	298	−	14½
Racal Telecomm.	376	−	18
Sun Alliance	307	−	10
T & N	237½	−	24½
Warburg (S.G.)	443	−	20
Williams Hldgs.	265½	−	9½

FKI scraps North American sell off

By Nick Garnett in London

THE tangle FKI, the electrical group, got into over its structure and share price following its merger with Babcock International two years ago took another awkward twist yesterday when it announced it will not proceed with the sale of its North American operations.

The decision scuppers part of the radical demerger plan it announced in the summer and has quashed, at least for the time being, its aim of driving up its share price.

FKI shares tumbled from 125p on Monday to 114p early yesterday before closing at 106p as news of the decision began to leak out.

The company said yesterday that the three highest bidders for its North American operations were all highly leveraged and a deterioration in the US subordinated debt market had forced them to reduce anticipated tender prices.

As FKI Babcock, the group was recently the subject of controversy over the payment in its last financial year of £150,000 ($235,000) in bonuses to Lord King, its then chairman and £300,000 to another director, believed to be Mr Tony Gartland, the company's chief executive.

FKI's North American operations, which were all once part of Babcock, include process controls, automotive components, and materials handling. They made a pre-tax profit of £42m last year on sales of £442m.

FKI Electrical, then a medium sized electrical goods company merged with the bigger Babcock International, the power station equipment and contracting group, following a £415m agreed bid from FKI.

Since then, what became FKI Babcock has been put through the rationalisation mill with the loss of 4,000 jobs and the closure of 25 sites.

The group's pre-tax profits more than doubled last year to £107.9m.

However, FKI's share price was dragged down by the Babcock acquisition, remaining stubbornly below the 182p price struck for the rights issue made to help pay for Babcock.

This has been an obstacle to a company that has sought a high stock market rating in order to grow through acquiring businesses by issuing paper.

To try to overcome the handicap FKI Babcock decided to split up into three totally separate companies, the Babcock power operations, the North American businesses and the former FKI activities.

This was partly achieved in August with the floating off of the Babcock International Group which now has a separate stock market listing. Lord King is chairman of that company.

Though the rest of the demerger scheme has now been halted, analysts think FKI might try to sell some of the US operations piecemeal.

However, an FKI spokesman said yesterday that the company had "abandoned the idea" of selling the North American businesses. The order books in North America were at record levels and it was more to the benefit of the company and its shareholders that the businesses were kept, he said.

He denied suggestions that one reason for the failure of the sale was that profits from North American automotive components would be lower than expected.

Lex, Page 18

Nigel Rudd (left), chairman, and Brian McGowan, chief executive: turned round a floundering Welsh foundry

Williams to demerge its car dealerships

By Clay Harris in London

WILLIAMS HOLDINGS, a £1.1bn ($1.7bn) conglomerate which operates a Jaguar dealership from the ground floor of its spartan Derby headquarters, is to "unbundle" itself in a small way by giving its motor distribution business to shareholders.

The plan to float Pendragon, which includes 17 dealerships selling such prestige marques as Porsche, BMW and Volvo, is a rare instance of demerger by a UK company.

Shares will be given to Williams' ordinary and convertible preference holders and are expected to gain a full listing in November.

The car dealerships accounted for only 5 per cent of group trading profits in 1988, £6.02m, on sales of £108.6m.

Mr Nigel Rudd and Mr Brian McGowan, the duo which has built Williams since 1982 from a floundering Welsh foundry group into an international conglomerate, said yesterday that the car business was peripheral to its main divisions of consumer and building products and industrial and military products.

The shares will be "free" to shareholders, although disposals would be liable to capital gains tax.

Williams yesterday reported a 48.5 per cent advance to £75m (£50.5m) in pre-tax profits for the six months to June 30. However, fully diluted earnings per share rose only by 10 per cent to 13.1p (11.9p) because of shares issued to finance the £500m acquisitions of Pilgrim House Group and Kidde's fire protection businesses last last year. Consumer and building products, which include Crown and Berger paints, Polycell DIY materials, Swish blinds and window-fittings and Smallbone fitted kitchens, contributed trading profits of £46.2m on turnover of £315m.

Williams warned, however, that the severity of the downturn in demand for building products had been more serious than expected, and that the full-year result would be well below original estimates if the usual seasonal upturn in DIY demand did not materialise in the autumn.

The first full six-month contribution from Pilgrim and Kidde, the world leader in the supply of fire protection systems for aircraft, raised trading profits from industrial and military products to £31.6m on turnover of £187.8m. Rationalisation had included disposal of 23 operations for £93m although most of the proceeds had been ploughed back into the remaining businesses.

For Williams, the "greenhouse effect" was not good news; the only company to show a decline in sales (rather than a budget shortfall) was Banbury, which sells garden sheds and lower-priced conservatories. Overall, Williams said its products had maintained or increased their market shares.

Group turnover rose in line with profits to £596.7m (£400.5m). There is an interim dividend of 4.5p (4p). Williams shares closed 9½p lower at 265½p.

Lex, Page 18

Norton increases offer for De La Rue

By Andrew Hill in London

NORTON OPAX, the specialist print and packaging group embroiled in a three-way takeover battle, yesterday produced an increased final offer for De La Rue, valuing the banknote printer at about £679m ($1.045bn) – more than twice Norton's market worth.

De La Rue said the bid looked like "a desperate gamble by a besieged management". Norton itself came under attack on Monday, when Bowater Industries, the packaging and industrial products group, launched a hostile £382m bid for the company. Bowater has said it will cast its 29.99 per cent share of the votes against the deal. Norton will seek its shareholders' approval for the De La Rue bid at a special meeting next week.

Bowater was among the large Norton shareholders which complained that a vote in favour of the deal at next week's shareholder meeting would give Norton management carte blanche to increase the bid for De La Rue to unreasonable levels.

But Mr Philip Cushing, a Norton director, said: "It was important that we made our shareholders and De La Rue shareholders aware as early as possible that this was the final price."

On the basis of Norton's share price of 165p – taken before rumours of a Bowater bid started to circulate last Friday – the new offer for De La Rue is worth 410p a share, against yesterday's closing price of 362p, up 16p. On the same basis, the original bid was worth 345p a share.

But Mr Robert Maxwell, the publisher, who owns or controls nearly 22 per cent of De La Rue, said that he was waiting for clarification of a possible underwritten cash alternative to Norton's increased offer before taking a decision.

Meanwhile, the Takeover Panel is thought to be looking at Norton's objections to one of Bowater's advisers, Bankers Trust International. On Tuesday, the High Court overturned Norton's injunction preventing the US bank from acting for Bowater. Norton was also seeking damages for breach of confidence against Bankers Trust.

Norton is now offering four of its own shares – down 5p to 214p yesterday – 120p nominal of convertible unsecured loan stock and 450p in cash for every three De La Rue shares.

Bowater is due to produce its offer document for Norton today.

Lex, Page 18, MB deal, Page 24

DTI reports says Capel tried to widen Gold Fields interests

By Kenneth Gooding in London

DEPARTMENT of Trade and Industry inspectors have criticised the behaviour of two leading London securities houses, James Capel and Smith New Court, in their report on the build up, late in 1986, of a substantial shareholding in Consolidated Gold Fields, the diversified UK mining group.

In late 1986 Capel, part of the Hongkong and Shanghai Banking Corporation was acting as broker for American Barrick Resources, a Canadian gold mining company, which was secretly considering a bid for Gold Fields. Capel also had responsibility for buying Gold Fields shares in the market on American Barrick's behalf.

The inspectors say their investigation identified some significant dealings in Gold Fields shares by Capel on its own account and for its clients about the time of American Barrick's buying programme.

Given Capel's role as broker and adviser to American Barrick, "we find it surprising that Capels dealt in the company's (Gold Fields) shares in the manner described in this report," the inspectors state.

However, the inspectors found no evidence of any infringements of the concert party provisions of the 1985 Companies Act. These involve agreements, legally binding or not, to acquire interests in shares in a particular target company.

The report's publication was held up because infringements under section 212 of the Companies Act which require disclosure of interests in a company's shares, resulted in the prosecution of Capel and Smith New Court. On August 18 each firm was fined £10,000 after pleading guilty at Southwark Crown Court.

The inspectors say: "Smith New Court did not understand their responsibilities under section 212 and that they did not make any serious attempt to take proper legal advice."

Capel in July also received a writ from American Barrick which claimed that the UK broker had acted improperly by buying shares in Gold Fields on its own account when instructed to build a stake for American Barrick.

Capel at that time described the claim for damages as "extremely surprising", and indicated the allegations would be "strongly defended."

Mr David Dugdale, Capel's deputy chairman, said yesterday that his company had received the full inspectors' report only on Tuesday evening and Capel did not intend to respond publicly to the comments made by the inspectors.

The report, by Mr Richard Youard of Slaughter and May and Mr David Anton of Deloitte Haskins & Sells, shows that Capel attempted to interest a number of companies in a bid for Gold Fields before American Barrick responded in July, 1986.

Press comment helped to lift the share price of Gold Fields, which asked for the stake build-up to be investigated. In January, 1987, American Barrick gave up the idea of a bid and sold the shares.

Consolidated Gold Fields: Investigation under Section 442 of the Companies Act, 1985. HMSO £10.

Lex, Page 18; London stocks, Page 37

Lufthansa launches DM1bn cash call

By Andrew Fisher in Frankfurt

LUFTHANSA, the West German national airline, *yesterday* launched a DM942m ($475m) rights issue. The move marks a further step in the privatisation of the company through the gradual reduction of the Government's shareholding.

The airline said the capital increase would provide further funds to arm it financially for the expected rise in air traffic in the next decade.

Up to the end of the century, worldwide traffic is expected to double, meaning that Lufthansa would have to expand considerably its present fleet of 150 aircraft

The rights issue also comes at a time of rapid change in the world airline industry and Lufthansa itself has been having discussions with American Airlines, the largest US airline, about a marketing agreement. One of its rivals in Europe, British Airways, is seeking to take a 15 per cent stake in a US airline, UAL, parent company of United Airlines, by participating in a $6.8bn takeover bid.

The reduction of the West German Federal Government's stake in Lufthansa to 52 per cent from 69 per cent is in line with earlier statements from Bonn. The government will not take up its rights in the capital issue and the shares to which it is entitled will be placed outside the market by a domestic bank consortium.

The new shares will be available on a one-for-four basis at DM155, which compares with yesterday's Frankfurt closing price of DM200.50. They will rank for full 1989 dividends.

The issue was the second announced in Germany yesterday, with Dresdner Bank making a DM1.2bn call on shareholders, which is expected to act as a considerable drag on the stock market.

Lufthansa said that it had no concrete investment projects for the money it was raising.

It does not intend to use its increased capital to buy into other airlines, it made clear yesterday. Any ventures with other carriers would be in the form of marketing rather than financial agreements. Thus it said at the weekend that it was discussing a marketing arrangement with American Airlines, as well as closer links between their reservation systems.

Despite the growth in traffic, Lufthansa's earnings went into reverse last year, partly because of problems with air traffic control. Group net profits fell by nearly 9 per cent to DM82m.

Oil companies resolve dispute

By Steven Butler

A BITTER dispute between Enterprise Oil, British Gas, and Amerada Hess was resolved yesterday when the three agreed on division of a $961m package of UK North Sea oil assets just as court hearings, which would have made a compulsory division, were set to begin.

Enterprise Oil came away with just 30 per cent of the assets six months after it had agreed to purchase the entire UK subsidiary of Texas Eastern, the US gas transmission company which had been taken over by its competitor, Panhandle Eastern.

Enterprise will pay $289m plus $20m of accrued interest. It also acquired in March $422m of other overseas assets from Texas Eastern.

Amerada Hess and British Gas, for their part, have agreed to divide shares of Texas Eastern North Sea (Tensi), the UK subsidiary, on a 37 per cent/63 per cent split, and plan to divide the remaining oil assets of the company between them at a later date, possibly before the end of the year.

The agreement ends months of rancorous negotiations which were interrupted by hearings in court. After Enterprise reached agreement with Texas Eastern, Amerada Hess and British Gas, as partners with Texas Eastern, exercised options, known as pre-emption rights, by which they were able to purchase Tensi under the same terms that Enterprise had agreed.

Enterprise disputed the rights, however, and won in the High Court.

This was subsequently overturned in the Court of Appeals, and Enterprise was preparing to petition the House of Lords. In the end, the parties opted for a negotiated agreement rather than taking the risk of an uncertain outcome in court.

Enterprise yesterday stressed the broad benefits of the acquisition which was salvaged from the affair. "For the first time we can say that there are no obvious imbalances in Enterprise Oil," said Mr John Walmsley, finance director.

Enterprise will acquire mainly gas assets, including stakes in the Indefatigable, East Leman, Amethyst, Montrose and Abroath fields, and interest in two exploration blocks.

As a result of the entire deal its total reserves will rise to 917m barrels of oil equivalent, from 688m, and its current production will roughly double.

Enterprise will also finish the deal with £150m in net cash, as a result of its rights issue.

British Gas, which emerged with the biggest chunk of the deal, will see its oil reserves rise by about 30 per cent, bringing a better balance to a portfolio dominated by gas.

It will probably finish with a 10 per cent stake in the Beryl field.

Amerada is likely to increase its direct interest in the Waverley field, which it hopes to develop as operator. Other field interests to be divided among the two include Everest, Armada, Loman, Drake, Fulmar, Hutton, Northwest Hutton, Abroath, Montrose and Hudson.

The deal is structured so that Enterprise will purchase the assets from Tensi, after which British Gas and Amerada Hess will complete the deal with Texas Eastern, which has been seeking for months to extricate itself from the affair.

Texas Eastern will incur some extra tax liabilities as a result of the asset sale.

INTERNATIONAL COMPANIES AND FINANCE

Cut in loan losses aids rise at Royal Bank of Canada

By David Owen in Toronto

ROYAL Bank of Canada, the country's largest chartered bank, yesterday reported a substantial 23 per cent increase in quarterly profit, due principally to reduced loan losses and higher income from fee-based services.

Quarterly loan loss provisions were down fully 34 per cent from year-earlier levels at C$145m (US$122.8m), helping net interest income to rise by 15.3 per cent to C$757.5m. Other income advanced by a strong 14 per cent to C$388.7m. On a less positive note, non-interest expenses raced ahead by 14.6 per cent from a year ago to C$757.5m.

In all, net third quarter earnings climbed to C$239.1m or C$1.55 a share (fully diluted), compared with C$194m or C$1.28 in 1988.

Income for the nine months ended July 31, meanwhile, soared fully 47 per cent from a year ago to C$723.9m or C$4.73 a share versus C$491.2m or C$3.34.

Despite the generally buoyant picture, the sovereign debt situation in the Third World continues to pose problems. During the latest quarter, the bank classified C$185m of loans to the Dominican Republic as non-accrual, to add to the C$2.1bn in loans to Brazil, Venezuela and Argentina that are already thus categorized.

As at July 31, the bank's total non-accrual loans, after deducting the allowance for credit losses, were C$1.02bn.

The Royal added a further C$75m to its general provision for international operations, which may be used in the event of further deterioration in loans to troubled countries.

This provision, which amounts to C$225m, is in addition to the bank's C$2.1bn country-risk provision, which represents 45 per cent of LDC exposure. Following the sale of a further C$200m of LDC loans, such exposure – net of the C$2.3bn aggregate provision – now stands at 46 per cent of common shareholders' equity.

During the quarter, the bank completed the previously-announced sale of its French and Belgian subsidiaries, and of its equities operations and Dusseldorf branch in West Germany.

Continued growth in residential mortgages and business loans welled the bank's average assets in the third quarter to C$113.3bn – up C$7.8bn from a year earlier.

Campbell Soup dives into loss

By James Buchan in New York

CAMPBELL SOUP, the celebrated maker of canned soups and other processed foods, yesterday reported a loss for its final quarter to July because of the heavy cost of closing down old factories to improve future profits.

The Camden, New Jersey company reported strong operations with a 15 per cent gain in profits for the year for its main US business and a 25 per cent gain overseas.

But the company, which has been the target of intense takeover speculation on Wall Street all summer, charged $343m to its operating earnings to cover the cost of consolidating plants, cutting workforce and writing off goodwill.

"We sacrificed current fiscal year earnings to improve Campbell's long-term profitability," said Mr Gordon McGovern, Campbell's president. "The fundamentals of our business remain strong."

Campbell yesterday reported a loss after the restructuring charge of $194.7m, against net profits of $72.3m or 56 cents a share in the three months to July 1988. Sales rose from $1.15bn to $1.30bn.

The loss cut earnings for the year to just $13.1m or 10 cents a share on sales of $5.67bn. This compared with earnings of $274.1m or $1.87 on sales of $4.87bn in the year to July 1988.

The results for the latest quarter were also cut by 8 cents a share because of the highest cost of stock-incentive plans as the result of Campbell's higher share price.

Since late April, Campbell stock has surged from the low $30s to over $50 yesterday morning amid speculation that Dorrance family, which controls over half the company's share capital, might be preparing to sell the business.

The restructuring plan has been seen on Wall Street as an attempt to dampen the unsettling speculation.

In its Campbell USA division, the company's largest, operating earnings rose 15 per cent on a 9 per cent rise in sales. Volume growth was particularly strong in V8 vegetable juice and various soups and prepared dishes.

Productivity gains spur Varity

By David Owen

VARITY, the Toronto-based industrial and agricultural equipment manufacturer, has reported a 10 per cent rise in second quarter earnings, spurred by improved cost containment, productivity gains and currency fluctuations.

The advance came in spite of labour stoppages in May at the group's UK-based tractor and diesel-engine plants.

The company also overcame a first half slump in global sales of farm tractors and industrial machinery. Industry-wide sales of these two items declined by 3 per cent and 6 per cent respectively from corresponding 1988 levels.

All told, second quarter income rose to US$20.1m or 8 cents a share, compared with $18.3m or 7 cents a year ago. The figures include extraordinary gains of $5.9m and $7.3m related to the recovery of tax from prior years' losses.

Sales slipped to $535.3m from $582.3m in 1988. The company said that the real decline in sales volume was 3 per cent after adjusting for changes in currency values.

For the six months ended July 31, profits totalled $36.2m or 13 cents a share, including an extraordinary gain of $8.8m, on sales of $1.06bn. This compared with $33.5m or 13 cents, including a $14.4m extraordinary gain, on sales of $1.14bn a year earlier.

In the latest quarter, Massey-Ferguson failed to match its year-earlier operating performance while Perkins improved operating income.

Machinists at UAL 'sceptical on buy-out'

By Roderick Oram in New York

THE MACHINISTS union at *United Air Lines* is *"very sceptical"* the carrier could survive under the heavy debt load which would be incurred in the $6.8bn buy-out of UAL, its parent company, proposed by management, pilots and British Airways.

The highly negative response from the International Association of Machinists and Aerospace Workers was a setback for the buy-out proponents. They need pay and work rule concessions from the union's mechanics and other ground staff to meet the buy-out plan's financial targets. So far United's pilots have pledged concessions worth some $250m a year, but the buy-out group is believed to need at least another $120m a year from unions representing ground and cabin crews.

The machinists did not rule out negotiations, however. The union said it "will keep all its options open and not hesitate to meet with appropriate parties and work to achieve the future stability of United Air Lines."

Mr Marvin Davis, the Los Angeles investor bidding against the buy-out group, is attempting to woo the machinists. He is also believed to be seeking a foreign airline to join his takeover offer.

He has reiterated his willingness to raise his offer from the current $275 a share.

The union said the $300 a share buy-out proposed by management, pilots and BA was based on the assumption that United's record profitability over the past year could be sustained long term.

But the union believes it cannot. Fuel has risen 20 per cent from the average 1988 price, traffic volumes are flat and the airline, which has one of the oldest fleets in the country, must invest heavily in new aircraft.

Billions of dollars of additional debt in a buy-out "would seriously jeopardise the future of the carrier and the safety of the travelling public," the union said.

Moreover, the $300-a-share buy-out proposal "far exceeds the value of the airline," it added. "A favourable forecast using earnings, cash flow and *the most relevant industry* multiples with no future recession places UAL stock in a range of $195 to $240."

Tokyo court upholds new issue rule

By Ian Rodger in Tokyo

THE TOKYO district court has in effect endorsed a voluntary rule introduced by Japanese securities dealers last month regulating the price at which quoted companies can place new shares.

The court's decision, which arose from an application for an injunction by a bidder to stop a share placing planned by his target company, may make hostile takeovers even more difficult in Japan than they are already.

The problems involved in pricing placings emerged in July when Shuwa, a property group, applied for an injunction to prevent two companies in which it had substantial stakes from placing large volumes of new shares at substantial discounts to market prices.

The share issue plans were apparently intended to dilute Shuwa's holdings and prevent it from taking over the two.

The court accepted Shuwa's application for an injunction on the grounds that the placings were unfair to existing shareholders and the two companies dropped their placement plans.

Last month, securities dealers announced a voluntary rule whereby the price on any new placement of shares must not be more than 10 per cent below the average market price in the previous six months.

Then, two weeks ago, another case of a controversial placement plan emerged. Miyairi Valve, a specialised valve maker, announced a plan to place 2.5m shares, representing an 18 per cent increase in its capital, at a price within the limits suggested by the new voluntary rule.

The stated purpose was to raise funds for an acquisition, but the company was probably also trying to dilute the 47.5 per cent holding of Takahashi Sangyo, another valve maker which appeared to be planning a full takeover of Miyairi.

Takahashi immediately applied for an injunction blocking the placement but this week the court rejected it, saying that the stated reason for the placing and its price were both justifiable.

Following the ruling Mr Hisao Takahashi, representing the Takahashi group, said he was considering whether to launch a formal lawsuit against Miyairi.

Mr Tetsuhiro Oyama, president of Miyairi, said at a press conference that the ruling provided a means for companies to protect themselves from unwanted takeover attempts.

Brambles at record on firm home trading

By Chris Sherwell in Sydney

A STRONG trading performance and lower taxes in Australia have overcome reverses in Europe to lift annual earnings to a 16th consecutive record at Brambles Industries, the international transport and waste management group.

Figures released yesterday by the Sydney-based group showed an after-tax profit of A$170.2m (US$129.7m), up 35 per cent, on sales of A$1.56bn, up from A$1.36bn. Profits on an equity-accounted basis were A$156m compared with A$127m.

Earnings per share rose to 100.3 cents from 79.3 cents. The directors announced a 21 cent final dividend to make a total, fully franked for local tax purposes, of 42 cents against 32 cents.

Mr Gary Pemberton, managing director, attributed the "outstanding" results in Australia to the combined impact of strong trading across all but its removals division and a reduced corporate tax rate of 39 per cent.

Growth in the company's European rail, container, pallet and waste businesses was said to be satisfactory or good, despite an adverse movement in the Australian dollar. But Mr Pemberton pointed to difficulties in the UK with the Procor rail freight acquisition and in Spain, where rail activities were hurt by strikes and bomb threats.

The results do not include any earnings from Ensco, the US waste management company in which Brambles holds a 21 per cent stake.

On the subject of the group's US$300m bid for the US company, Mr Pemberton said there was "nothing further to add" following the Ensco board's rejection of its offer.

Brambles has a warrant to move to 30.8 per cent, and the right of first refusal over shares owned by Ensco's chairman and family, which would take it to 48 per cent. Ensco's rejection of its US$14 per share offer was seen as a setback for Brambles' ambitions to expand in the US.

On current prospects, Mr Pemberton said there were signs of softening in Australian transport volumes, but earnings so far were up on last year's and "this trend should continue."

Abroad, the Cleanaway waste collection business was hurt by an industrial dispute in London in July, but he said the outlook for the Chep pallets business in Europe was good.

Sell-off plan boosts KSH stock

SHARES IN Kwong Sang Hong, a Hong Kong property development and investment company, shot up 30 per cent yesterday following news that Cheung Kong, its parent, was to sell most of the company in a restructuring that calls for a 100-for-one share split, AP-DJ reports from Hong Kong.

Brokers attributed the jump largely to a ruling by the Securities and Futures Commission (SFC) which could lead to a general offer for the company.

Cheung Kong, controlled by Mr Li Ka-shing, plans to sell 55 per cent of Kwong Sang Hong at a price equivalent to HK$860 a share. Trading in Kwong Sang Hong, the most expensive share on the Hong Kong Exchange, was halted last Thursday at HK$800. Yesterday they rose to HK$1,040.

Cheung Kong, a blue-chip property group, would stand to gain HK$851m (US$109.1m) if the deal goes through.

30 per cent to 35 per cent would be purchased by Peregrine International Holdings, an investment concern 9 per cent owned by Hutchison Whampoa, in which Mr Li also has a controlling share.

Hong Kong and China Gas posts first half growth

By John Elliott in Hong Kong

HONG KONG and China Gas, the local gas monopoly controlled by the Lee family's Henderson Land Development, yesterday reported a 24 per cent rise in interim net profits to HK$278.8m (US$35.7m) in the first half of this year.

The number of installed gas meters rose to 653,987 at the end of June compared with 574,389 at the same time last year. Turnover was a record HK$919.9m against HK$781.8m.

The company had approved a project to double its gas making capacity with a new plant to be constructed by Babcock Contractors which can produce 200m cu ft of gas a day.

The interim dividend of 19 cents compares with 17 cents last time. Earnings per share rose to 61 cents from 50 cents.

RMB ahead despite squeeze on margins

By Jim Jones

RAND Merchant Bank (RMB), the privately-owned South African banking company, increased its disclosed after-tax profit by 17.6 per cent in the year to June 30.

The bank said, however, that lending margins were squeezed as interest rates rose rapidly.

Disclosed income after tax and transfers to and from inner reserves increased to R20m (US$7.17m) from R17m and disclosed earnings increased to 38.1 cents a share from 32.5 cents.

The bank increased its investment in gilts and semi-gilts at the end of June to R103.3m from R26.1m.

RMB has been particularly active in establishing futures trading in South Africa, but said this year's aim will be to repeat the large fee-based income earned in the past year.

Total assets increased to R1.34bn from R1.12bn, and the dividend has been lifted to 14.5 cents a share from 12 cents.

INTERNATIONAL APPOINTMENTS

Exxon chooses a marine scientist to join board

EXXON, the world's largest oil group, has appointed Mr John H. Steele, a marine scientist, as a director, increasing the board's size to 15 members.

Mr Steele, who is president and senior scientist at Woods Hole Oceanographic Institution, will serve on Exxon's Public Issues Committee.

His appointment follows an agreement Exxon reached in May with several influential New York City pension funds to appoint a director with interest and expertise in the environment.

The pension funds, after the Exxon Valdez oil spill off Alaska in March, had threatened to oppose management nominees for board membership if the pension funds were not satisfied with the company's response to their concern.

Late in July, several leading environmental groups proposed that Exxon name Mr Gaylord Nelson, a Democrat and former Wisconsin senator who now heads the Wilderness Society, to the board.

Mr Maitland Sharpe, conservation director of Izaak Walton League, one of the environmental groups which proposed Nelson, said: "It (Steele's election) takes me quite by surprise. I guess I had expected Exxon to name a nationally recognised leader in the environmental community.

"I am certain Steele will be an effective voice for science. I hope he will be an equally effective voice for applying the best *science to the protection* of the environment."

Exxon commented: "We do not name a director to represent one constituency. Steele's scientific and marine background equips him to be a full *participating member of the* board and board deliberations on all aspects of our business. Any future additions to the board will be determined by similar criteria."

Mr Steele's scientific career includes 26 years at the Marine Laboratory at Aberdeen, Scotland, as marine scientist, senior principal scientific officer and then deputy director.

In 1977, he joined the Massachusetts-based Woods Hole and was awarded the Agassiz Medal for Oceanography in 1974. He is currently US Delegate to the International Council for Exploration of the Sea.

★ ★ ★

AT COASTAL Corporation, the Texas-based energy production and natural gas transmission *concern, chairman and chief* executive Mr Oscar Wyatt Jr, who founded Coastal in 1955, intends to recommend to the directors that Mr James R. Paul, president and chief operating officer, be appointed *chief executive.*

Mr Wyatt, however, will continue to be active in the business and plans of the company. He will stay chairman of the board and also will be executive committee chairman.

American Express names treasurer

AMERICAN EXPRESS, the US financial and travel-related services group, elected Ms Joan Edelman Spero as senior vice president and treasurer.

Ms Spero, 45, succeeds Mr John Laird, who has been named senior executive vice president of The Boston Company, a subsidiary of Shearson Lehman Hutton, *an American* Express company. Ms Spero has been the company's senior vice president for international corporate affairs and will continue to direct that function.

Prior to joining American *Express in 1981, Ms Spero was* US Ambassador to the United Nations Economic and Social Council, serving during the 1980-81 years of the Carter Administration.

★ ★ ★

KIDDER Peabody, the US investment bank 80 per cent owned by the American General Electric, named Mr Thomas Shattan managing director and head of a newly created private equity group.

Mr Shattan has spent the last 11 years with Goldman Sachs, where he built and ran the private equity sector, arranging equity and equity-related financings for emerging growth companies.

Kidder has also appointed Ms Tamara Baum a senior vice president of its investment *banking group.*

Ms Baum, a health care specialist, was a director in the corporate finance department of Prudential-Bache Capital Funding, where she managed a number of transactions, including *registered securities offerings*, restructurings, private placements of debt and equity, leveraged buyouts, and venture capital.

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ITT, the largest US conglomerate, elected as a director Mr Paul Kirk Jr, 51.

He is a managing partner in the law firm of Sullivan & Worcester and former chairman of the Democratic National Committee.

Unisys elects president

UNISYS, a leading US computer maker, announced *the election of Mr James A.* Unruh to the newly created positions of president and chief operating officer.

Mr Unruh, 48, an executive vice president and a director of Unisys since 1986, will remain *a director. He will be responsi*ble for all the computer business activities.

Mr W. Michael Blumenthal, chairman and chief executive, said: "Jim Unruh has over 20 years' experience in the computer and semiconductor industry and has held the top jobs in marketing, finance and strategic planning. He was a key player in the formation of Unisys (a 1986 amalgamation of Burroughs and Sperry)."

Mr Curtis Hessler, 45, has been promoted to vice chairman from executive vice president. He retains the role of chief financial officer.

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KNIGHT-RIDDER, the Miami-based newspaper and electronic information group, announced that Mr James K. Batten, currently president and chief executive, will become chairman and retain the position of chief executive following the retirement on October 1 of Mr Alvah H. Chapman Jr as board chairman.

Mr P. Anthony Ridder will succeed Mr Batten as president and remain president of the group's newspaper division.

Following his retirement, Mr Chapman, 68, will continue to serve as chairman of the executive committee, a board member, and as a consultant.

Mr Richard G. Capen Jr, publisher of The Miami Herald, *became Knight-Ridder* vice chairman from September 1.

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INTERLAKE, the US-based multi-national producer of engineered materials, including aerospace components and materials handling systems, has elected Mr W. Robert Reum president and chief operating officer.

He was executive vice president in charge of the company's handling-packaging systems business.

As chief operating officer, Mr Reum succeeds Mr Frederick Langenberg, who remains chairman and chief executive.

Dresdner Bank to raise DM1.2bn

By Andrew Fisher in Frankfurt

DRESDNER BANK, West Germany's second largest bank, yesterday announced a DM1.2bn ($610m) rights issue, citing growth in business, rising profits, and European strategy considerations as the reason for the capital increase.

Analysts said the terms were expensive, with the Dresdner move having a dampening effect on the whole stock market. The bank is offering the new shares at DM300 each on the basis of one new unit for eight already held. They will rank for dividends from October 1.

Like other German banks, Dresdner is keen to expand in Europe. In June, it joined with Banque Nationale de Paris in appointing representatives to each other's supervisory boards in a move which could lead closer co-operation. It has also acquired fund management groups in the UK and the US.

Yesterday, Dresdner gave no indication of where its next step might take place.

Mr Jürgen Giese, an analyst with Citibank in Frankfurt, said the rights issue probably also reflected the need to meet new capital ratio requirements in the 1990s aimed at maintaining a higher level of solvency.

The pricing of the new shares compares with yesterday's closing level for Dresnder stock of DM354, down DM5.30 on Tuesday's close.

The last time the bank made a rights issue was last October, when it raised DM780m, its first call on shareholders for more than two years.

Dresdner recently announced a 22 per cent improvement in its group partial operating profits – excluding own account trading – to DM878m in the first half of the current year.

Mr Giese said he thought Dresdner, like Deutsche Bank and Commerzbank in its latest rights issues, had pitched its terms very high. "This is not so positive for the market." Thus he reckoned that the move would probably act as a burden on the equity market, which has recently been very strong.

Yesterday, the DAX, the Frankfurt stock exchange index, retreated by 3.92 points from its record on Tuesday to 1,633.55.

Caisse buys 6% stake in Crédit Lyonnais

By George Graham in Paris

THE CAISSE des Dépots et Consignations, the French state financial institution, has received the approval of its supervisory board to take a 6 per cent stake in Crédit Lyonnais, the second largest nationalised bank.

The stake will bring a cash injection of FFr1.5bn ($224m) for Crédit Lyonnais, meeting some of its capital needs.

Like other nationalised banks, Crédit Lyonnais has faced the problem of how to boost its capital base in order to comply with the new prudential ratios proposed by the Cooke Committee of the Bank for International Settlements.

It is unable to tap the equity market, for the state has ruled out privatisation, refusing even partial sales of the shares of nationalised companies.

At the same time, Crédit Lyonnais has recently spent heavily on overseas acquisitions, building up its retail banking networks in Belgium and the Netherlands and completing two months ago the FFr2.6bn acquisition of a 48 per cent stake in Credito Bergamasco of Italy.

French banks have traditionally carried heavier general provisions against sovereign debt risks than their UK or American counterparts, but have been more lightly capitalised, partly because the Government has never increased the capital of the banks it nationalised after the Second World War.

While privatised banks like Société Générale have been able to issue fresh equity, those which remain in the state sector have been obliged to resort to a variety of expedients, including perpetual notes, subordinated debt and crossed shareholdings with other state companies.

The Caisse des Dépots, which manages all French savings book deposits and acts as a central government financial agency, already has a large equity portfolio, including, for example, a large stake in Société Générale.

Hafslund boosts holding in Orkla Borregaard

By Karen Fossli in Norway

HAFSLUND NYCOMED, Norway's second largest publicly quoted company, has spent NKr300m ($41.5m) since the end of August building up a stake of between 6 and 7 per cent in Orkla Borregaard, the Norwegian industrial and investment group.

Hafslund, which has interests in pharmaceuticals, light metals and energy, has bought 780,000 Orkla shares.

Mr Finn Torgersen, a Hafslund executive, said the purchase was "merely an investment in an entity where we can get a significant return on our capital and there are no current plans to increase this shareholding."

One of the more actively traded stocks on the Oslo exchange, Orkla's free shares climbed yesterday by NKr20 to NKr445. Hafslund free shares increased by NKr5 a share to NKr205.

Oslo analysts said Hafslund's move may signal irritation over Orkla's persistent stalking of other Norwegian companies. Orkla currently has an 8.8 per cent stake in Hafslund and this spring it increased to 30 per cent its stake in Elkem, the Norwegian light metals group.

But other observers consider Orkla a prime takeover target because of its ownership and organisational structures. It has a market value of around NKr5bn and between NKr3bn and NKr4bn in liquid reserves.

It reported a mixed first four months of 1989 with group profit before extraordinary items up by 20 per cent to NKr231m from NKr192m for the same period in 1988. New figures are not due before mid-October.

Upturn in US and Japan aids SEB profits growth

By William Dawkins in Paris

SEB, the French producer of household equipment, including Tefal saucepans and Calor irons, yesterday unveiled a rise in sales and profits for the first half of 1989, helped by an upturn in the US and Japan.

Net profits climbed from FFr120m in the first half of 1988 to FFr153m, rising at operating level from FFr163m to FFr173m ($25.8m).

Overall sales rose by nearly 50 per cent to FFr2.9bn from FFr1.7bn and are expected to reach FFr6.6bn for the full year, the group said. The rise is partly due to the first contribution to the interim results from Rowenta, the West German producers of steam irons which SEB bought in July last year.

However, US sales also climbed by 70 per cent, while the Japanese subsidiary recorded a 20 per cent rise in yen turnover.

If Rowenta's results are stripped out, the underlying increase in group turnover came out at 11.5 per cent, up from FFr1.7bn to nearly FFr2bn, and forecast to reach FFr4.4bn for the full year. Rowenta is expected to add FFr2.2bn to that figure, said SEB.

The German acquisition's post-interest profits are expected to cover the cost to SEB of financing the purchase, said the group. SEB's underlying net profits rose slightly faster in the first half, by 16.6 per cent from FFr120m to FFr140m.

Despite a strong rise in raw materials prices, the group expects to maintain its net margins for the year, standing at just over 5 per cent of sales at the end of June.

ABB seeks balance of German offshoot

By Our Financial Staff

ASEA BROWN BOVERI, the Swedish-Swiss electrical machinery and engineering group, said yesterday it will make an offer to buy or exchange shares for the 24 per cent stake it does not own of its West German unit, Asea Brown Boveri of Mannheim.

Details of the offer will be given today but ABB, headed by Mr Percy Barnevik, said the offer would be "above the current market rate" of the West German company's shares. It will also include an offer to buy the company's participation certificates.

Trading in shares of ABB of Mannheim was suspended yesterday on West German stock exchanges, pending the offer announcement. The shares were DM535 on Tuesday.

Percy Barnevik: increasing participation by German shareholders in ABB

In a related move, ABB said BBC Brown Boveri, which owns 50 per cent of ABB, would be listed on the Frankfurt Stock Exchange "to broaden the company's shareholder base in West Germany."

ABB said the offer to buy the remaining 24 per cent stake in the Mannheim unit, or exchange those shares for ABB shares, was aimed at "increasing the participation by German shareholders in the worldwide operations of ABB."

Asea Brown Boveri of Mannheim's 1988 net profit was DM22m ($11m) on turnover of DM5.5bn.

Groupe Expansion forms business news network

By David Buchan in Brussels

GROUPE EXPANSION, the French publishing group, has bought control of three economic publications, including Financial Weekly in the UK, and is to include them in a new joint company with other partner newspapers to create a European business information "network."

Mr Jean-Louis Servan-Schreiber, president and majority owner of the Expansion group, said in Brussels that his aim was to give the 13 relatively small newspapers participating in Eurexpansion, the newly created joint company, the international editorial resources which none of them could achieve on their own.

He said he was not trying to follow the Financial Times, the Wall Street Journal, or even the International Herald Tribune in trying to become pan-European business newspapers. Instead he aimed to exploit "the cultural patchwork" of Eurexpansion's member newspapers so that they could remain stronger than in their various home markets (except the UK) than, say, the FT while at the same time improving their international business coverage.

In fact, Dow Jones, which owns the Wall Street Journal and which bought a 15 per cent stake in the Expansion group two years ago, will take a share in Eurexpansion, though Mr Servan-Schreiber said the stake of Dow Jones and of other minority shareholders in the new company had not yet been finalised.

At the same time, Mr Servan-Schreiber confirmed that Expansion, through its Dafsa subsidiary, is backing a new business satellite network to broadcast financial news and meetings to subscribers.

The French publisher said the attraction of Financial Weekly, now to be 65 per cent owned by Eurexpansion, was that it was virtually the only UK business publication not controlled by Pearson, owner of the FT.

Mr Tom Lloyd, editor of Financial Weekly, said the new network "will constitute Pearson's only real competition in Europe," and that it would help his own publication give the Pearson-owned Investors Chronicle a run for its money in the UK.

Mr Servan-Schreiber said his aim was also that the publications, which include Echo de la Bourse of Belgium, Cinco Dias of Spain, L'Expansion and La Tribune of France and Milano Finanza of Italy, should share their "scoops," resources and maybe even correspondents.

Gardini in deal on Gemina

By John Wyles in Rome

TWO OF ITALY'S leading business empires – Mr Gianni Agnelli's Fiat and Mr Raul Gardini's Ferruzzi – yesterday announced an important collaboration based on Ferruzzi acquiring a 9.6 per cent stake in the Milan holding company, Gemina.

The move could have significant consequences for the Italian publishing world because Ferruzzi Finanziaria is putting its 21.6 per cent stake of the Rizzoli-Corriere della Sera publishing group into Gemina in return for its shares in the holding company. Gemina is indirectly controlled by the Fiat group which is its main shareholder and Mr Gardini's Ferruzzi will be the third largest owner after Mediobanca, the Italian merchant bank.

The deal will raise Gemina's stake in Rizzoli to above 80 per cent with the French publishing group Hachette holding 10 per cent.

By going into Gemina, Mr Gardini looks likely to gain not only a more significant influence on the development of Rizzoli's business strategy but also a useful foothold in the banking world.

Gemina owns around 13 per cent of Nuovo Banco Ambrosiano, now Italy's largest private sector bank after its acquisition of Banca Cattolica del Veneto.

No details were available last night of the value of the Ferruzzi-Gemina transaction which will be carried out through a capital increase reserved for Ferruzzi. In the year ended June, Gemina reported net profits of L89.4bn ($62.6m).

Wereldhave income soars 46%

By Our Financial Staff

WERELDHAVE, the Dutch property company, boosted its net income in the first half of 1989 by 46.2 per cent to Fl 53.8m ($24m) from Fl 36.8m a year earlier. The profits upsurge was due almost entirely to strong expansion in its UK portfolio.

Net earnings per share edged lower to Fl 5.01 from Fl 5.07 due to a near 53 per cent increase in the number of shares outstanding over the past 12 months. The year-earlier share net figure is adjusted to reflect stock dividends.

Wereldhave repeated an earlier forecast that despite the substantial increase in stock outstanding, earnings per share for all 1989 would roughly equal 1988's Fl 9.86. An unchanged interim dividend of Fl 4.75 per share will be paid, absorbing a total of Fl 50.9m.

The company said that buoyed by expanded UK operations, gross investment income nearly doubled to Fl 118.2m in the latest first half from Fl 62.1m a year earlier. But interest charges leapt by Fl 36m to Fl 55.2m as a consequence of the UK expansion.

Wereldhave said the restructuring of the UK portfolio was progressing according to plan. In the first half of 1989, a large proportion of the smaller properties had been sold and high prices obtained.

INTERNATIONAL CAPITAL MARKETS

Malaysia considers KLSE expansion

THE MALAYSIAN Government is examining proposals to increase the capacity of the Kuala Lumpur stock market in advance of its privatisation programme, Reuters reports.

Sheriff Kassim, director general of Malaysia's Economic Planning Unit, said the proposals include reducing the size of marketable parcels to 500 shares from 1,000 and relaxing restrictions on employee participation.

He was speaking at a securities seminar. Nik Mohammed Din Nik Yusoff, Kuala Lumpur Stock Exchange chairman, said the exchange was considering bringing in new types of securities.

KLSE officials said the new form of securities being studied included corporate bonds, stock options and stock index futures.

Government and exchange officials said the KLSE had to introduce new products to ward off competition from emerging markets in the region, like Thailand and Indonesia.

The Government recently announced plans to privatise 246 projects, worth 16.34bn ringgit ($6.04bn), over the next decade with 176, worth 13.0bn ringgit, being sold in the next five years.

In the five years to June 1989 the Government privatised 22 projects for 755m ringgit. Sheriff said six of these ventures were privatised through listings on the KLSE with a combined flotation of 440m ringgit according to their issue share prices. He did not say how many state operations are likely to be privatised through listings over the next decade.

KLSE's market capitalisation rose to 124bn ringgit in June 1989 from 97bn ringgit in June last year.

Norway heads belatedly towards options trading

By Karen Fossli in Norway

NORWAY'S Ministry of Finance is finalising regulations for trading in options with a view to starting by December after a two-year delay to original plans.

Officials are reviewing proceedings of a hearing last month which called for comments from the market on draft regulations governing options trading.

Though draft regulations cover trading principles they are understood to be general in scope and will need greater precision once trading starts. When finalised, concessions for options trading exchanges and eventually clearing entities will be granted.

Two separate groups are seeking concessions which are expected to be approved since the finance ministry is aiming to create a competitive environment for options trading.

The Oslo stock exchange, which has teamed up with Det Norske Veritas, the ship classification society and investment company, is currently finalising amendments to its trading system to incorporate options.

The other group includes Norsk Options Market (NOM), as the clearing entity and the Bergen bourse. NOM is an offshoot of Sweden's Options Market (OM) and includes other investors.

The two have entered into an agreement whereby the Bergen bourse will utilise NOM technology and NOM will serve as guarantor for transactions.

However, it remains unclear what rules will be laid down by the authorities for security in options trading, and specifically, to what extent a margin system will be allowed to provide security for trading.

These factors will determine how liquid the market will be. In addition, the ministry's draft regulations indicate significant capital requirements for market makers, another factor which could limit market liquidity.

According to Mr Nigel Wilson, the Oslo bourse's director of analysis and control, the stock exchange will initially quote options contracts for between three and six of the most liquid shares listed on the exchange.

Because of the potential size of the market the stock exchange has established three key criteria as the basis for the development of its options trading system including:

- The use of existing infrastructure in the securities market. In practice this means using current routines for trading with respect to trading practices and settlement.
- Limited investment in new systems until the size, nature and extent of the market is determined.
- The assurance of a substantial degree of flexibility to allow the market to be developed in line with investors' requirements.

"Everything is dependent on the finance ministry's rules which will determine liquidity of the market and costs. When the rules are known we will have a basis for estimating the size and liquidity of the market and reasonable expectations for its development," Mr Wilson explained.

The only options market hitherto existing in Norway has been unregulated.

It is operated by Moorgate Options, which is being wound down.

OECD calls for balanced financial system

By David Lascelles, Banking Editor

THE LIBERAL policies which OECD countries are using to stimulate competition in financial services need to be balanced to ensure that market forces work properly, according to a report on banking published by the OECD today.

The report says the organisation's member countries have, since the early 1960's, been trying to improve the efficiency of the financial system by lifting controls without losing sight of the need for financial stability and investor protection.

But this should not be allowed to become a "laisser-faire, laisser-aller" policy. Other conditions also need to be fulfilled.

The report lists these as follows:

- Competition should take place on a "level playing field": market participants should be able to compete on equal terms and conditions.
- Competition should be subject to "rules of the game" governing practices and conduct.
- "Club arrangements" should not give rise to anti-competitive practices.
- Anti-competitive effects of concentration and dominant market positions should be prevented.

The report says the liberalisation of individual national markets has had an unavoidable influence on other countries, and this increases the need for convergent markets and techniques, and related regulations.

Competition in banking, 240pp £23.50. OECD 2, Rue André-Pascal, 75775 Paris Cedex 16.

NZ Futures Exchange plans swaps contracts

THE NEW ZEALAND Futures Exchange will shortly start trading two new contracts aimed at the financial swaps market, Reuters reports.

Mr Len Ward, exchange managing director, said the exchange had received confirmation that International Commodities Clearing House would clear trading in a three-year government loan stock futures contract starting on September 8. A week later, a related options contract would be launched, he said.

Both will be traded alongside existing futures and options contracts in five-year government loan stock. The new contracts will be traded between 20:03 GMT and 04:57 GMT.

Interest rate swaps allow banks and corporate borrowers and lenders to change the terms of debt from floating to fixed rates and vice versa.

"Aside from the swaps market, companies and institutions will be able to employ spread strategies between the five-year and three contracts and for that matter between the short-term futures and options and the longer-term government stock instruments," said Mr Ward.

Swedish group in SKr1.5bn tap issue

SVENSK Fastighetskredit, the Swedish mortgage institute, is listing an 11 per cent, six-year tap issue on the Copenhagen stock exchange, the third issue it has listed in Sweden since local regulations were relaxed in July, Reuters reports.

An initial volume of SKr1.5bn of the bonds went on sale yesterday through market-maker Privatboersen. Svensk Fastighetskredit is part of the Skandinaviska Enskilda Banken group. The bond will have the longest life and greatest liquidity of any Swedish bond listed in Copenhagen.

As well as Svensk Fastighetskredit's two previous issues, Stadshypotekskassan and Spintab of Sweden, have also listed bonds on the Copenhagen bourse in the past two months, as have two Norwegian credit institutions, Realkreditt and Bolig-og Naeringskreditt.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on September 6

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Alberta 9⅜ 95	600	102⅝	103⅛	+0¼	+0¼	8.74
Austria 9⅝ 93	140	†101¼	101⅞	−0¼	−0⅛	9.07
B.F.C.E. 7 93	150	95⅛	95⅝	+0⅛	−0⅛	8.95
[illegible]						

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Canada 6⅛ 91	80	100⅞	101⅛	0	−0⅛	5.36
Canada 5⅝ 93	80	100¼	101⅛	−0⅛	−0⅛	5.36
Eurofima 5 1995	20	97⅞	98⅜	−0¼	−0⅞	5.39
[illegible]						

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]						

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
[illegible]						

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]						

* No information available-previous day's price
† Only one market maker supplied a price

[illegible]

INTERNATIONAL CAPITAL MARKETS

Rate hike fears depress Japanese issues

By Norma Cohen in London and Janet Bush in New York

GOVERNMENT BONDS

JAPANESE government bond prices closed lower after a day of hectic trading prompted by speculation that interest rates would have to be raised in order to underpin the yen. Turnover in both cash bond and futures markets was the most active in recent memory, dealers said.

The Bank of Japan was seen intervening heavily in currency markets as the dollar rose towards 148 yen. Trading became particularly hectic after a Bank of Japan official was quoted in press reports as saying that measures beyond intervention in currency markets would have to be considered.

Yields on the benchmark 111 bond fluctuated within a 10 basis point range, falling to 5.18 per cent before the yen's slide began in earnest.

Bond yields later rose to a high of 5.28 per cent before closing in Tokyo at 5.26 per cent and in London at about 5.24 per cent.

The 111 closed on Tuesday at 5.21 per cent. Short-term interest rates rose in sympathy, with three-month CD rates rising to 5.57 per cent, after straddling 5.50 per cent up until the end of last week.

Meanwhile, the volume of number 111 cash bonds traded through the government broker in Tokyo soared to Y2,430bn against average daily turnover in August of Y1,110bn.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS		13.500	9/92	105-28	-5/32	11.17	10.74	10.82
		8.750	1/98	96-24	-4/32	10.34	10.07	10.09
		9.000	10/08	96-22	-3/32	9.38	9.23	9.19
US TREASURY	*	8.125	5/99	105-21	-2/32	8.26	8.29	8.05
		8.875	2/19	107-13	-4/32	8.20	8.25	8.12
JAPAN	No 111	4.800	6/98	96.1776	-0.144	5.24	5.05	5.13
	No 2	5.700	3/07	105.5855	-0.196	5.10	5.02	4.98
GERMANY		7.000	2/99	100.9500	-	6.85	6.83	6.66
FRANCE	BTAN	8.000	1/94	97.3510	-0.033	8.73	8.48	8.62
	OAT	8.125	5/99	97.6200	-0.030	8.46	8.40	8.39
CANADA	*	10.250	12/98	104.9000	-0.075	9.58	9.58	9.29
NETHERLANDS		7.000	3/99	98.6200	+0.170	7.17	7.16	7.03
AUSTRALIA		12.000	7/99	94.9119	+0.063	12.92	12.97	13.00

London closing, *denotes New York morning session
Yields: Local market standard Prices: US, UK in 32nds., others in decimal
Technical Data/ATLAS Price Sources

■ US TREASURY bonds fell again in dull trading yesterday morning, erasing small opening gains.

The Treasury's benchmark long bond dipped from an early gain of ⅛ point to stand ¼ point lower at mid-session for a yield of 8.14 per cent.

The dominant theme at present is the total lack of direction with negative and positive influences in balance. The surge in the dollar this week has not helped bonds much, partly because its strength has been based on the perception that the US Federal Reserve will not ease monetary policy any further.

At mid-session in New York yesterday, the dollar was quoted below its highs of Tuesday at Y146.40 and DM1.9755 as rounds of Group of 10 intervention took their toll.

■ WEST GERMAN government bond prices closed about 25 pfennigs lower in very quiet trading with market participants awaiting the outcome of the Bundesbank Council's meeting later today.

While most believe a rate hike at today's meeting is unlikely, the market fears that some further rate rise will be necessary in the next few months.

Bond prices are also undermined by West German second-quarter GNP data released earlier this week which some analysts believe showed signs of inflationary pressures. The Bundesbank allocated DM23.6bn at its securities repurchase tender yesterday to replace DM23.5bn in maturing securities.

■ UK GOVERNMENT bond prices closed about ⅛ point lower, recovering ground lost earlier yesterday in hedging activities related to two Eurosterling issues totalling £350m. Gilts initially fell about ¼ point at the two bond issues, one for Allied Lyons and the other a mortgage-backed floating rate notes.

AIBD threatens fines for missed Trax deadlines

By Andrew Freeman

THE ASSOCIATION of International Bond Dealers (AIBD) is preparing heavy fines and possible suspensions for members which have consistently failed to meet deadlines for linking to the Trax trade matching and risk management system. Around 20 UK-based members failed to meet a final deadline on Monday and are now technically in breach of both AIBD and TSA reporting rules.

Although the AIBD would not name the companies concerned, an official said strong action will be taken against them if they continue to be in breach of the rules.

While some of the banks have deliberately obstructed their entry to the system, others are in breach for failing to use it to report their trading in the full range of fixed-income instruments.

The official said that no big Trax users had failed to comply with the rules which apply under the AIBD's status as a designated investment exchange under the UK Financial Services Act.

Last May, the AIBD set an internal deadline by which all UK-based members had to be signed up and using Trax.

A lenient approach towards recalcitrant companies was adopted to allow for technical difficulties experienced by some firms.

This week's deadline, however, means the AIBD itself is in potential breach of its exchange status if it allows its members to break the reporting rules.

A meeting of the AIBD general board in Stockholm on Monday is understood to have mandated the Market Practices Committee to set fines and punishments when it meets on September 22. A full programme of regulations and punishments will then be circulated to all members in early October.

The official stressed that a schedule of fines would be rigorously imposed, and said the AIBD would not hesitate to suspend any members which failed to comply. A suspended company would be unable to trade.

Diverse deals emerge in improved new-issue activity

By Andrew Freeman

INTERNATIONAL BONDS

NEW ISSUE ACTIVITY improved on the Eurobond market yesterday, with a series of deals emerging across several sectors. Traders pointed to the range of issues as welcome evidence of the market's diversity.

A L100bn five-year deal for Electrolux was launched by Banca Commerciale Italiana (BCI), with Nomura as joint lead manager. The bonds offered a 12¾ per cent coupon and were priced at 101⅞.

Demand was instant and strong, and the deal was increased to L125bn to reflect wide international interest. After opening prices of around less 1.60 bid, BCI was quoting the paper at less 1.35 bid, way inside 1⅞ per cent fees. The proceeds were swapped partly into floating-rate dollars and partly into floating Lira.

JP Morgan was the lead manager of a £150 mortgage-backed floating-rate note issue for Mortgage Securities No.2, a special purpose vehicle for First Mortgage Securities. The par-priced notes carried a yield of 18 basis points over three-month Libor for the first 10 years, with a borrower call option at par after five years.

JP Morgan was bidding for the paper at 99.85, a discount equivalent to full underwriting commissions of 15 basis points. An official said the pricing was tight, but generous enough to clear the market, an opinion shared by syndicate members, but which was dismissed by some houses which declined their invitations saying the terms were far too tight.

Co-lead managers were asked to sell their paper at 99.88, just inside fees. There were some complaints from the syndicate that houses which declined had made the deal more difficult by previously offering bonds outside fees.

Deutsche Bank Capital Markets brought the third 10-year deal in the Australian dollar sector, an A$100m issue for the State Bank of New South Wales. The bonds were launched at a spread of 90 basis points over the domestic Commonwealth benchmark, and initially traded inside 2⅛ per cent fees at less 1.95 bid.

However, some sales back to the lead manager via the brokers were enough to persuade DBCM to lower its bid to less 2¼, outside fees. A DBCM official said research had revealed institutional demand for more 10-year paper, although some co-managers commented that investors' appetites were now very limited.

A SKr400m five-year deal was issued for Swedish National Housing Finance (SBAB) by Svenska International to an average reception in what has become a saturated sector.

In Switzerland, a SFr100m convertible deal for Toyo Exterior was quoted by Nomura at 103 bid, a fine premium to the par issue price. Last Friday's SFr100m equity warrants deal for Oesterreichische Laenderbank was trading at plus 2½ bid, with traders reporting strong demand amid limited supply. Around half the issue is being held back for shareholders in the bank. The 10-year tranche of the recent IADB deal was again weak in the secondary market, trading at less 3 bid, down ¼ point.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
STERLING						
Mortgage Secs.No.2(a)†◆	150	(a)	100	2028	15/10bp	J.P. Morgan Secs.
LIRE						
AB Electrolux(b)◆	125bn	12¾	101⅞	1994	1⅞/1⅛	Banca Comm. Italiana
AUSTRALIAN DOLLARS						
State Bank New Sth Wales(b)◆	100	14¼	101.95	1999	2⅛/1⅛	Deutsche Bank Cap.Mkts
US DOLLARS						
Yuasa Battery Co‡	150	(4⅛)	100	1993	2¼/1⅛	Nomura Int.
Noritake Co.(c)◆‡	100	3⅞	100	1993	2¼/1⅛	Yamaichi Int. (Europe)
SWEDISH KRONA						
Swedish Nat.Housing Fin.(b)◆	400	11¾	101⅞	1994	1⅞/1⅛	Svenska Int.
YEN						
Council of Europe◆	11bn	Zero	84.57	1993	½	Daiwa Europe
SWISS FRANCS						
Toyo Exterior Co.(d)**‡	100	(½)	100	1994	1⅝	Nomura Bank(Switzerland)

**Private placement. ‡With equity warrants. §Convertible. †Floating rate notes. ◆Final terms. a) 18bp over 3-month Libor for 10 years, thereafter 50bp. Call at par after 5 years and on coupon dates thereafter. Sinking fund of 2½% p.a. giving average life of 8.4 years. b) Non-callable. c) Coupon cut by ⅛% from indication. d) Indicated yield to put 4.171%.

Allied-Lyons plans issue to raise further £200m

By Stephen Fidler, Euromarkets Correspondent

ALLIED-LYONS is raising £200m through an issue of debentures carrying the same terms as a £150m bond issue the company launched in February. The combined £350m issue is the third largest in the UK domestic corporate bond market.

The latest portion of the issue, with a 2019 maturity, was priced at 1.05 percentage points over the 9 per cent gilt-edged stock of 2008 to yield 10.453 per cent. The issue, carrying a 9⅞ per cent coupon was priced at 93.591.

The bonds were underwritten by Barings, and sub-underwritten by Cazenove. The two were left with 45 per cent of the issue yesterday after difficult conditions in the sterling market meant that only 55 per cent was taken up by investment institutions.

The February issue was launched at 1 point over the gilt, and was trading at 1.03 over before the second tranche, Barings said. After launch, the spread widened to be bid at 1.09 over the gilt.

According to the lead manager, the February issue was trading at a yield closer to the gilt than any other sterling corporate bond.

This it attributed in part to the tight covenants which have been traditional on domestic debentures and the floating charge against Allied-Lyons assets. Such covenants which, for example, limit disposals of assets, have become popular with investors worried about event risks.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Sep 5	Sep 4	Sep 1	Aug 31	Aug 30	Year ago
99 ALL-SHARE INDEX (700)	1209.80	-1.3	–	3.94	–	26.23	1225.80	1222.69	1216.78	913.28
FT-SE 100 SHARE INDEX§	2390.8	-35.2	2427.4	2390.8	2426.0	2419.2	2407.5	2387.9	2381.3	1756.1

FIXED INTEREST

PRICE INDICES	Wed Sep 6	Day's change %	Tue Sep 5	xd adj. today	xd adj. 1989 to date
British Government					
1 5 years	117.63	-0.04	117.87	0.18	8.34
2 5-15 years	132.66	-0.15	132.85	–	9.40
3 Over 15 years	143.73	-0.14	144.78	0.86	10.01
4 Irredeemables	165.66	-0.59	166.64	–	8.83
5 All stocks	130.46	-0.12	130.77	0.16	9.23
Index-Linked					
6 5 years	140.48	-0.07	140.59	–	2.26
7 Over 5 years	139.14	-0.09	139.27	–	2.66
8 All stocks	139.13	-0.09	139.25	–	2.61
9 Debentures & Loans	114.66	-0.08	114.75	–	6.87
10 Preference	89.33		89.33	–	3.92

AVERAGE GROSS REDEMPTION YIELDS		Wed Sep 6	Tue Sep 5	Year ago (approx.)
British Government				
1 Low	5 years	9.70	9.67	10.10
2 Coupons	15 years	9.31	9.26	9.64
3	25 years	9.23	9.17	9.31
4 Medium	5 years	10.71	10.68	10.40
5 Coupons	15 years	9.73	9.70	9.88
6	25 years	9.35	9.32	9.58
7 High	5 years	10.82	10.79	10.57
8 Coupons	15 years	9.92	9.89	10.01
9	25 years	9.50	9.46	9.55
10 Irredeemables	†	9.28	9.22	9.28
Index-Linked				
11 Inflation rate 5%	5yrs	3.00	2.97	3.48
12 Inflation rate 5%	Over 5 yrs	3.50	3.50	3.93
13 Inflation rate 10%	5 yrs	2.21	2.18	2.43
14 Inflation rate 10%	Over 5 yrs	3.34	3.33	3.76
15 Debs &	5 years	13.06	13.07	11.40
16 Loans	15 years	11.65	11.64	11.23
17	25 years	11.22	11.21	11.12
18 Preference	†	10.19	10.19	10.07

§Opening Index 2427.0; 10 am 2417.3; 11 am 2414.1; Noon 2414.4; 1 pm 2416.0; 2 pm 2416.1; 3 pm 2412.6; 3.30 pm 2404.0; 4 pm 2397.1 (a) 9.03am (b) 5.00pm † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 34p.
CONSTITUENT CHANGES: Randsworth Trust (69) has been deleted and replaced by Thornton Asian Emerging Markets Trust (71).

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	3	88	14
Corporations, Dominion and Foreign Bonds	1	11	31
Industrials	282	519	771
Financial and Properties	79	264	328
Oils	26	20	44
Plantations	1	1	9
Mines	521	42	80
Others	58	90	134
Totals	502	1,035	1,411

LONDON RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

RIGHTS OFFERS

TRADITIONAL OPTIONS

● First Dealings Aug 21
● Last Dealings Sep 8
● Last Declarations Nov 23
● For settlement Dec 4

For rate indications see end of London Share Service

Calls in Amstrad, Claremont, Scantronic, Bute Mng, Int Media, Tuskar, Boddington, Bunzl, Polly Peck, WCRS, Norfolk Cap, Met City. Put Bellwinch. P/C Premier.

LONDON TRADED OPTIONS

UK COMPANY NEWS

UK underwriting profits helped by another exceptionally mild winter

Sun Alliance advances to £191.4m but falls short of City expectations

By David Barchard

SUN ALLIANCE, the composite insurer, yesterday reported pre-tax profits of £191.4m for the six months to June 30, compared with £182.3m a year ago.

The result fell slightly short of stockbrokers' analysts expectations, though this was attributed mainly to the strengthening of the UK employers' liability account and losses on a series of large fires.

The interim dividend was raised by 20 per cent to 4.5p. However, the shares lost 7p during the day in an unsettled market and closed at 307p.

Mr Roger Neville, group chief executive, said that the achievement of an increased profit after the excellent results of 1988 was particularly satisfactory given increased competition on world-wide markets.

Premium income in the UK grew to £808.5m (£730.2m) and there was was an underwriting profit of £31.9m (£34.7m). The figures were helped by a second successive unusually mild winter. There was a reduction in premium income in some lines of motor insurance, but this was offset by strong growth from Bradford Pennine.

The group is broadening its UK business by diversifying into health insurance and legal expenses insurance.

In Europe, premium income was £182.1m (£166.1m) with an underwriting loss of £9.3m (loss of £5.6m).

Results from Germany, Belgium, France and Spain were disappointing but there were good results in Ireland and by Codan, the group's subsidiary in Denmark.

Premium income in the US was £135m (£118.5m) with an underwriting profit of £2.5m, achieved despite a downturn in the market and increased losses on workers' compensation business.

Premium income in Canada fell from £66.5m to £30.7m because of the disposal of two companies which had made up 60 per cent of the group's business there.

Worldwide non-life premium income grew by 8 per cent to £1.25bn with life and pensions premiums at £387m. Its global underwriting profit fell from £30.1m to £11m, while investment and other income rose from £136m to £163m.

Life and pensions profits – which covered 50 per cent of the dividend cost – advanced to £17.4m. Profit attributable to shareholders after tax and minority interests of £5.3m were £128.1m (£120.8m) while earnings per share were 16.2p (15.3p).

The group's net assets at the end of June, excluding its long-term business, were £2.36m compared with £2.10m at the end of December 1988.

Its solvency margin has risen from 93 per cent in December to 101 per cent.

● COMMENT

After two years in which its pre-tax profits have surged by over 30 per cent, 4.9 per cent profits growth and a 20 per cent rise in interim dividend looks disappointing until compared with other large composite insurers who have been unable to maintain similar underwriting profits. With competition growing and the current insurance cycle set to continue downwards, Sun Alliance is rightly striking a cautious note. Year-end profits no longer seem likely to top £400m, indeed they could even be slightly below the £372m notched up last year. Sun Alliance's *obvious strength* should enable it to continue showing its rivals a clean pair of heels. But it is possible to be too cautious. With a solvency margin of 101 per cent, the group looks more than a shade over-capitalised. *This* may turn out to be only a prelude before acquisitions into new lines of business, made possible by the holding group structure Sun Alliance adopted earlier this year which allows it to diversify away from the insurance market.

£60m disposal and 11% rise at Hillsdown

By Philip Coggan

HILLSDOWN HOLDINGS, the food, property and furniture group, yesterday revealed an 11 per cent increase in pre-tax profits to £67.6m for the first half of 1989. At the same time it announced the sale of Cartwright Brice Holdings, commercial stationers, for £60m in cash.

WH Smith, the retail and distribution company, has agreed to acquire Cartwright Brice, which made operating profits of £4.9m on turnover of £69.2m in 1988.

The company will become part of WH Smith's office supplies division.

The proceeds of the sale will be used by Hillsdown to reduce its borrowings.

Mr Kevin O'Sullivan, Hillsdown's finance director, said that operating profits would have been £10m higher had it not been for the scare over salmonella in eggs and poultry which depressed that division's UK sales.

Overseas sales of eggs and poultry increased and the company said that the prospects for the second half had much improved.

PROFIT AND TURNOVER BY DIVISION (£m)

Division	Half year to 30/6/89	Half year to 30/6/88
Food processing	30.1 (629.1)	18.0 (596.5)
Fresh meat	10.8 (347.8)	8.7 (293.9)
Poultry and eggs	3.2 (323.8)	9.2 (278.0)
Furniture	8.8 (156.9)	24.2 (389.2)
Housebuilding and property	26.8 (100.9)	18.1 (60.5)
Stationery	8.6 (100.5)	6.4 (90.7)

Margins in the food-processing division increased from 3 to 4.8 per cent with the help of a shift towards added-value meals.

The company's eastern Canadian fishing operations, which suffered problems, have been sold.

Turnover fell in the furniture division because of the sale of Hunter, the timber merchanting group which was sold to Wickes in 1988.

As part of the deal, Hillsdown acquired a 20 per cent stake in Wickes, which contributed £3m to the related company profit total of £6.8m (£5.2m) in the first half.

Mr Harry Solomon, Hillsdown chairman, said that the group's housebuilding business, *Fairview New Homes*, specialised in building low-cost flats in unfashionable areas; this had proved "a major benefit in generally difficult market conditions".

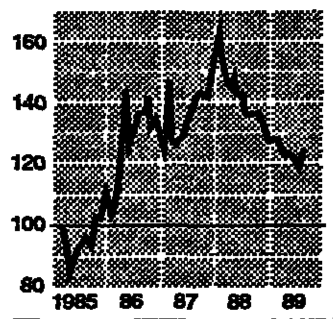
Since the end of the first half, Hillsdown has acquired Premier Brands, the Ty-Phoo tea company, for £195m from a group of investors including the management.

Overall turnover was down at £1.66bn (£1.71bn). Operating profits were £86.4m (£83.1m) and after interest payable of £18.8m (£22m), pre-tax profits were £67.6m (£61.1m). After tax of £13.9m (£12.2m) and minority interests of £4.9m (£5.5m), fully diluted earnings per share were 10.98p (9.94p).

The interim dividend is increased to 1.8p (1.5p).

Hillsdown

Share price relative to the FT-A All-Share Index



● COMMENT

Hillsdown was long famous for its voracious appetite for acquisitions, but in the past 18 months it has been shedding a number of important businesses. The market felt it had landed in a strategic mess and the timely sale of Hunter and *today's disposal of Cartwright* Brice leaves Hillsdown more sharply focused and with lower gearing. A helpful boost in property profits helped overcome the problems of the eggs and fish businesses and make these first-half figures respectable. Now that Premier has been acquired, Hillsdown has a broad-ranging food portfolio and should be able to improve margins further as the "added-value" element of its turnover increases. Assuming £200m pre-tax for the full year (including £20m or so from Premier), the shares, down 6p to 305p, are on a prospective p/e of 10, which looks about right.

MB Group acquires US cheque printer for $300m

By Andrew Hill

MB GROUP will more than double its US cheque-printing and business forms activities and become the third largest player in that market through the purchase of ABS Holdings for $300m (£193.7m) in cash.

It is MB's first major acquisition since the UK group merged its worldwide packaging interests with Carnaud, the French packaging company two months ago.

The deal added to the turmoil in the international packaging and security printing industry yesterday, which also saw Norton Opex, which is at the centre of a three-cornered takeover battle, increase its bid for De La Rue, the banknote printer.

Some industry analysts believed MB would try to expand by bidding for De La Rue or even for Norton, a specialist print and packaging group itself threatened by an unwelcome offer from Bowater Industries. Both Norton and De La Rue are MB's rivals in the highly-competitive UK cheque-printing market.

Mr Murray Stuart, MB's chief executive, said yesterday that MB was interested in different sections of the market and had no intention of getting involved in the three-way fight.

ABS, which owns the cheque-printing business American Bank Stationery Company, will be combined with MB's existing US operation, Clarke Checks, the fourth largest cheque-printer in the country.

The combined group, to be called Clarke American Holdings, will have 56 cheque-printing plants in the US and between 16 and 20 per cent of the market. Only the cheque-printing operations of De Luxe and Harland, both independent quoted companies, are larger in the US.

Since the merger of its packaging interests with Carnaud, MB has three main activities: security printing, central heating and bathroom products – Stelrad – and a 25.5 per cent stake in the merged packaging company, CMB Packaging.

Mr Stuart said that after the ABS acquisition the security printing operation would have annual sales of £180m – up from £89.5m last year – to add to Stelrad's annual sales of some £230m.

He said he hoped the two operating divisions would continue to grow in parallel, contributing similar proportions of turnover.

"This is a major step for us and I think we will digest this before going any further," Mr Stuart added yesterday.

He said Clarke American would be able to share costs where there were overlaps between plant and product range. That would put MB in a position to take advantage of an impending shake-up in US banking – from 1991, banks will be able to operate in more than one state.

Last year ABS made $20.4m before interest and tax, on sales of $148.6m. MB said the US group's management accounts showed a 32 per cent increase in profits to $14.6m before interest and tax in the first six months of this year. Net assets at December 31 were $37.8m.

MB had about £169m of cash following the CMB merger so the group will have minimal gearing after the ABS deal. MB said the acquisition would not dilute the UK company's earnings per share this year and would enhance future earnings.

MB's shares slipped only 2p in a weak market yesterday to close at 212p.

Norton Opex bid, page 33

Hoylake asks Panel to waive rule

By Ray Bashford

HOYLAKE, the consortium trying to buy BAT Industries, has asked the Takeover Panel to waive the usual rule that unsuccessful bidders must wait 12 months to renew their siege of a target.

If the Panel accepts the request, Hoylake said it would lapse the current offer pending receipt of US regulatory clearance, mainly from insurance commissioners in nine states.

The bid watchdog's executive has passed on the request, without making a ruling itself, to the full Panel. If the Panel refuses to release Hoylake from the 60-day timetable, the bid must be declared unconditional by October 7.

Hoylake has also appealed against the executive's rejection of its submission that BAT had frustrated efforts to win US regulatory approval for the takeover of Farmers Group, BAT's US insurance company.

Both issues will be discussed at a full Panel meeting next Wednesday.

Miss World sells Liverpool radio stake

By John Ridding

MISS WORLD Group, the radio and beauty contest group, soon to be known as Trans World Communications, has sold its stake in in Radio City, the Liverpool radio station, for £1.02m.

Mr Michael Connolly, Miss World's finance director, said the company made a profit of about £700,000 on the disposal, and added that the funds would go straight back into investments in the radio sector.

According to Miss World, the stake, which comprised 187,500 non-voting 'A' shares, was regarded as a purely financial investment. However, Mr Connolly said that the company intended to increase its ownership of local radio stations and investments in them towards the maximum level permitted by the Independent Broadcasting Authority.

UK COMPANY NEWS

Share price falls 9% as asbestos-related disease claims seem likely to continue

Exceptional provision cuts T&N to £40.2m

By Vanessa Houlder

SHARES IN T&N, the engineering group, yesterday lost 9 per cent of their value, when an unexpected provision refocused attention on the company's history as an asbestos products producer.

As a result of the exceptional provision, the company revealed a fall in pre-tax profits from £43.1m to £40.2m for the six months to June 30, although a strong trading performance meant that operating profits increased by 22 per cent.

The exceptional charge of £9m resulted from further information about the operation of the Centre for Claims Resolution, a new facility under which a number of companies share the costs of processing asbestos-related disease claims.

Although the number of cases outstanding has not changed significantly, the likely impact of items such as legal fees and recoverable insurance has been revised.

This charge came on top of a £6m exceptional provision, made at the end of 1988 after the new facility, which was formed after the disbandment of the Wellington agreement, came into operation.

It also came in addition to asbestos-related costs of £5.7m (£5.5m). Sir Francis Tombs, chairman, described these costs as "stable and moderately predictable," although the long latency period of asbestos-related disease meant that T&N would not see light at the end of the tunnel for some time yet.

Operating profits increased to £62.9m (£51.7m), reflecting buoyant markets for most products and a rise in operating margins from 9.7 per cent to 10.4 per cent.

Capital expenditure increased by 38 per cent to £39m, primarily on plant modernisation and capacity expansion to meet increasing market share.

Earnings per share rose to 14.5p (12.2p). The interim dividend increased by 13 per cent to 3.5p.

● COMMENT

With yesterday's provision, the spectre of asbestos claims has returned to haunt T&N's investors. The unexpected nature of the item may have undone much of T&N's work in getting its asbestos liabilities considered as a manageable and predictable royalty of 1 per cent on sales. The risk of an unexpected future bill has been underlined, which also serves as an effective poison pill to deter any predator. In some ways, however, the fall in share price from 262p to 237.5p can be seen as an over-reaction. After all, T&N now has a clearer view of its liabilities, diminishing the likelihood of any future surprises. Furthermore, the impact of the exceptional charge has deflected attention from its impressive trading performance and promising future. Even if demand for automotive components starts to soften, its efficiency improvements should keep profits moving well ahead. Assuming it makes profits of £95m this year, the shares are on a p/e rating of 9. At that level, they seem unlikely to outperform while the asbestos albatross is so much in evidence.

TR Energy agrees bid of £27m

By Andrew Bolger

EUROPA Minerals, the mining finance house, yesterday announced agreed offers to acquire TR Energy, the oil and gas investment company, and its management company, Energy Management and Finance.

The proposed TR Energy deal is worth £27m in new Europa ordinary shares, or £24.2m in cash. Europa shares closed down 1p at 117p, valuing the group at £15.6m. TR Energy shares closed up 1.5p at 23.5p, capitalising the company at £20m.

TR Energy's directors have accepted irrevocably the shares offer for their personal holdings.

Europa has also entered into an agreement to acquire the whole of the issued share capital of EMF for £1.2m, payable in new Europa shares. EMF is jointly owned by Kleinwort Benson, the merchant bank, and Touche Remnant, the investment management group.

Europa Minerals, which was formed by former RTZ staff, only came to the market in February at a price of 100p per share. Its main business is in private coal mining through three drift mines in Staffordshire and County Durham.

A series of losses has made TR Energy the subject of persistent shareholder criticism. It had a pre-tax deficit of £621,000 in 1988.

Europa is offering 27 ordinary shares for every 118 TR Energy shares (worth 26.8p at yesterday's closing price) or 24p in cash.

For each £100 nominal of TR Energy's convertible loan stock, Europa is offering 85 ordinary shares (worth £99.45 yesterday) or £89.25 in cash.

MAI acquires MIL Research for £33m

By Ray Bashford

MAI, the diversified media and financial services group, yesterday announced the acquisition of MIL Research Group, one of the UK's leading market research groups.

Following the disclosure early last month that MIL was involved in takeover discussions with an unnamed group, MAI said that it had agreed to pay £33.2m for the company.

This is equivalent to 295p a share, compared with yesterday closing price of 290p, 2p higher on the day. Undertakings to accept the offer have been received for more than 50 per cent of the capital.

Mr Clive Hollick, MAI's managing director, said that the merger of the companies' activities would create – in terms of turnover – one of the world's 10 largest market research companies, while in the UK it would rank as number three or four.

MAI also ended months of speculation by saying that it did not intend to bid for Addison, the market research and public relations company. A 24 per cent stake in Addison, acquired in preparation for a takeover of the company, is still held by MAI.

National Opinion Polls, the market research group, forms a major part of MAI's information division which also includes MRI, a US magazine readership business and Pinpoint, a UK geographic and demographic data analysis company.

The acquisition of MIL will further MAI's plan to gain a separately quoted information division. Mr Hollick indicated that such a move could be at least 18 months away. The company is expected to seek international expansion before a flotation.

MIL was floated in December 1986 through a placing of shares at 144p and has expanded by moves into specialised areas of market research. The compoany reported pre-tax profits of £2.6m on turnover of £17.3m during the 12 months to January 31 this year.

Firstland takes up 6m shares in Explaura

By Clare Pearson

ABOUT six million shares, representing 5.7 per cent of the equity, in Explaura Holdings, the USM-quoted limestone quarrying company, are changing hands under a deal agreed between London Securities, the property and venture capital group, and Firstland Oil and Gas, the small USM-quoted oil independent.

Firstland is buying the Explaura shares from London Securities in exchange for the issue of £2.84m nominal of loan stock convertible into its own shares.

Firstland said last night the deal allowed it to invest in Explaura, which it believed had good potential, without hurting its balance sheet, due to special features of the non-interest bearing loan notes.

London Securities said the arrangement was in line with its policy of concentrating on mineral investments. Maximum conversion of the loan stock would eventually give it a 38 per cent stake in Firstland.

Explaura, which last month announced a one-for-20, £2.16m rights issue, is developing a limestone aggregate quarry in Newfoundland with proven reserves of about one billion tonnes. It plans to float off its mineral interests into a separate vehicle. The shares are changing hands, ex-rights, at 46p.

The terms of the loan note provide for conversion of £1.5m of the notes into new Firstland shares, at 35p each, up till the end of 1990. Thereafter, any amounts outstanding can be converted, at 40p per share, until the end of 1992. If £1.5m is not converted before the end of next year, Firstland can require the conversion of this amount thereafter. Final redemption of any outstanding amount is due at the end of 1995. Firstland shares yesterday stood at 29p.

Pickwick moves up to £0.97m

Pre-tax profits at Pickwick Group increased by 30 per cent to £965,000 in the first half of 1989. Pickwick is the distributor of family home entertainment products 21.2 per cent owned by Pearson, the printing, banking and industrial conglomerate which owns the Financial Times.

Turnover grew 38 per cent to £20.01m (£14.54m). Earnings worked through at 2.81p (2.18p) per share and the interim dividend is raised to 1.25p (1p).

Pickwick has also agreed to acquire Elap Music, a Danish company in the sma business, for a maximum consideration of DKr41m (£3.43m).

American Trust

On the back of a 19 per cent advance in net asset asset value American Trust has raised its interim dividend by 12 per cent and hopes to maintain that rate for the total dividend.

In the half-year to July 31 the trust increased nav from 160.4p to 191.4p. A dividend of 1.4p is to be paid, against 1.25p last time.

Boots pays £14.5m for opticians chain

By Philip Coggan

BOOTS, the retail and pharmaceutical group, yesterday made an agreed £14.5m offer for Miller & Santhouse, the opticians chain, on the day that the latter revealed a sharp downturn in pre-tax profits and a cut in the final dividend.

The offer is 185p per share in cash, the level which Miller & Santhouse indicated in an announcement on Monday. Boots has received irrevocable acceptances from holders of more than 50 per cent of Miller's equity. There is a share alternative of six Boots shares for every 10 Miller & Santhouse.

Miller & Santhouse, which runs about 100 optician shops, has been hit by the imposition of VAT on optical products and the abolition of free eye tests.

The company said yesterday that "the fall in the number of sight tests has had a significant adverse effect on the profitability of the company."

Pre-tax profits in the year to June 30 fell from £1.5m to £502,000 on turnover down of £21.56m. (£13.01m).

Operating expenses nearly doubled from £8.77m to £16.69m. Interest payable was £213,000 (£85,000). There is no tax charge (£488,000) and earnings per share were 6.6p (16.9p). the final dividend is being cut to 2p (2.75p), making a total of 2.75p (4p).

Boots, which recently won a £900m bid battle for Ward White, the DIY and auto parts stores group, already owns the Clement Clarke and Curry & Paxton optical groups. With the addition of Miller and Santhouse, it will own 368 outlets.

Brown & Jackson jumps to £1.8m

Brown & Jackson, the holding company with interests in toiletries, household goods, security alarms, building and property development, achieved a sharp rise in pre-tax profits from £703,000 to £1.78m in the six months to end-June.

Mr Bryan Duffy, chairman, said all sectors had traded successfully, with the group's companies making an average net profit increase of 47 per cent. He was particularly pleased with Poundstretcher, the discount retail chain acquired from Lowndes Queensway in March for £72.7m.

Group turnover surged to £51.12m (£12.71m), although after tax of £534,000 (£81,000), earnings slipped to 1.04p (1.7p) per share. The interim dividend is lifted from 0.1p to 0.5p.

Federated Housing is halved to £1.21m

Reduced pre-tax profits of £1.21m compared with £2.82m were announced by Federated Housing, the residential property developer, for the first half of 1989. The interim dividend is held at 2.5p, from earnings cut from 18.1p to 6.4p.

Turnover for the group fell from £15.76m to £14.34m .

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
American Trust	int	1.4	Oct 18	1.25	-	3.9
Avonmore Foods	int	0.5♣	-	-	-	1.25
Black (Peter)	fin	1.75	Oct 23	1.31	2.4	1.82☆
Blue Circle	int	3.5‡	Nov 27	3	-	10
Brown & Jackson	int	0.5†	Jan 2	0.1	-	0.5
Bunzl	int	2.6	Nov 1	2.4	-	5.7
Conder Group	int	6	Nov 25	3	-	11
Croda Intl	int	4.1	Dec 4	3.8	-	10
Durham (DG) §	int	1	Oct 20	nil	-	1
Eadie Holdings §	int	1	Nov 30	0.9	-	2
Edinburgh Fund	int	4.2	Oct 18	4	-	10.5
EW Fact§	int	1	Oct 16	-	-	-
Federated Hsing	int	2.5	-	2.5	-	7.5
Hilledown Hldgs	int	1.8	Dec 31	1.5	-	6
Isotron	fin	1.73	Nov 10	1.44	2.6	2.16
Mecca Leisure	int	2†	-	1.75	-	5.7
Miller Santhouse	fin	2	-	-	2.75	-
Nurdin & Peacock	int	1.68	-	1.48*	-	4*
Paragon Comms	int	1.4	-	1.1	-	3.3
Pickwick Group	int	1.25	Oct 27	1	-	3.25
Quicks Group	int	2	-	1.5	-	5
Ricardo	fin	3.65	Oct 27	2.25	5	3.25
Stat-Plus	int	1.75	-	1.25	-	3.5
Sun Alliance	int	4.5	-	-	-	-
T&N	int	3.5	-	3.1	-	9.6
Williams Hldgs	int	4.5	-	4	-	10
Wimpey (George)	int	4	Oct 26	3	-	9.25
WSP Holdings	int	0.9	Oct 19	0.8	-	2.1

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ♦Third market. ☆For 13 months. ‡Share option in lieu of cash dividend. ♣Per B ordinary share, paid in Irish currency

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetables.

TODAY

Interims- AMEC, Burmah, Campari Intl, Cannon Street Invs, Cookson, Costain, Enterprise Oil, Friendly Hotels, Gibbs & Dandy, Hartons, Intl Business Communication, Lambert Howarth, P-E International, Parkdale, Pavilion Leisure, Perkins Foods, Polly Peck, Portals, Reckitt & Colman, Senior Engineering, Singer & Friedlander, Tyne Tees TV, Wilson Bowden.

Finals- China & East Inv, Coronation Syndicate, Kleinwort Benson Int Inc, Sinclair Goldsmith, Tor Inv Tst, Tweefontein Utd Collieries.

FUTURE DATES

Interims-	
Arley	Sep. 14
Caparo	Sep. 13
Colorgraphic	Sep. 18
Cresta	Sep. 19
Fairhaven Intl	Sep. 20
Fisher (James)	Sep. 15
Hall Engineering	Sep. 13
Hamilton Oil	Sep. 18
Hampden Homecare	Sep. 20
Jaguar	Sep. 13
Macallan-Glenlivet	Sep. 22
Micro Focus	Sep. 14
Neill (James)	Sep. 26
Norfolk Capital	Sep. 12
Sherwood Computer	Sep. 11
Sindall (William)	Sep. 21
Vickers	Sep. 28
Finals-	
Barratt Developments	Sep. 20
Eleco	Sep. 27

UK COMPANY NEWS

Courtaulds buys French outfit

By Lisa Wood

Courtaulds, the textiles and chemicals group, is acquiring Georges Rech, a privately-owned French fashion house, for about £13m.

Georges Rech, based in Paris, designs and markets three brands of women's fashion clothing. Total sales in 1988 were £31m, of which 70 per cent were in France where it sells to up-market retailers and direct to its own network of 40 franchised stores. In Spain and Japan it holds licensing agreements for clothing and accessories.

Courtaulds said the acquisition was a further step in the internationalisation of Courtaulds Textiles, adding strength to its brand portfolio in Europe. Most of Courtauld's garment business is in the UK.

Mr Martin Taylor, Courtaulds director for textiles, said Georges Rech would be run as a seperate business. "It is a delicate fruit which we do not want to bruise. But it is a truly branded business whose approach will infect and inspire many of our other businesses."

Courtaulds, he said could learn from Georges Rech, while Georges Rech could benefit from capital investment.

Mr Georges Rech, the group's founder will continue to work within the business, as will his partner Mr Jean-Jacques Schmoll. Mr Rech said: "The integration with Courtaulds will enable us to accelerate our international business." The purchase is subject in particular to French Treasury approval.

Chairman warns of possible difficulties on housebuilding side

Wimpey moves up 11% to £45.2m

By Andrew Taylor, Construction Correspondent

PRE-TAX profits of Wimpey, Britain's second largest housebuilder, rose by 11 per cent to £45.2m during the six months to the end-June.

However Sir Clifford Chetwood, chairman and chief executive, warned that continuing difficulties in the UK private housing market would have "an adverse effect on the results of Wimpey Homes in the second half of the year".

The pre-tax increase was achieved despite a 22 per cent fall in legal completions compared with the first six months of 1988. Turnover rose from £699.9m to £840.2m. Earnings per share increased from 9.44p to 10.01p.

Sir Clifford said the average selling price of a home during the first six months of this year was £65,311 compared with £53,470 last year. The effect of last year's big price rises meant that UK housing profits did not fall during the first six months compared with last year's first half.

Sir Clifford Chetwood – 50 per cent gearing at year-end

The experience of the group's overseas housebuilding operations had been mixed, said Sir Clifford. Total completions in North America, continental Europe and the Far East were down marginally from 1,064 to 1,061. Downturns in France and Canada had been offset by a 25 per cent increase in the US, principally in California.

Sir Clifford added that housing results in California were expected to be excellent during the second half of this year.

Contracting in the UK continued to produce a good level of new business including contracts for a £71m office block in Peterborough, Cambridgeshire, and an £80m contract at Canary Wharf in London's Docklands. A total of £1.3bn of contracting work was in hand at the end of June.

Property disposals in the first half included the sale of the George V development in Monaco at a break-even price. This had reduced group borrowings by more than £16m. The sale of an office building at Crutched Friars in the City of London would be included in the full year's property profits, said Sir Clifford.

He said returns on Wimpey's asphalt, quarrying and opencast coal activities had improved during the first six months. Profits from the minerals division included two months' operations from Broyhill & Associates, the north-eastern US aggregates company.

"At the year-end we expect gearing to be around 50 per cent. While this is a substantial increase over recent levels, I am confident that the increased investments will be thoroughly justified," said Sir Clifford.

The interim dividend was increased from 3p to 4p.

Tilbury rejects higher Lilley offer

By Philip Coggan

LILLEY yesterday increased, to £137m, its offer for fellow construction group Tilbury only to meet an instant rejection from the latter's board. The predator then went into the market to buy Tilbury shares, and will announce its increased stake this morning.

The new offer is 60 ordinary and 39 convertible preference Lilley shares for every 12 in Tilbury, with a cash alternative of 650p. Based on a 102p value per convertible preference share, the new offer values each Tilbury share at 672p.

Tilbury's shares increased 18p to 657p yesterday; Lilley's were unchanged at 68½p.

Lilley said that shareholders could still receive the interim dividend of 10p per share which Tilbury announced last week. "This is a full price which is backed by cash and a large income uplift" said Mr Bob Rankin, chief executive of Lilley. The cash alternative is underwritten by Salomon Brothers and Noble Grossart.

Lilley argues that a merger of the two companies would create a stronger capital base and would allow the group to compete for infrastructure projects in the 1990s.

Tilbury, which last week forcast full year pre-tax profits of £27m, dismissed the offer as "totally inadequate" and said that the cash alternative represented a prospective p/e of only 7.2. Lilley argues that, excluding a £5m profit from a property deal in Linwood and non-operating income, the prospective p/e is 10.

Mr Mike Bottjer, chief executive of Tilbury, said that "Comparison of the recently published interim statements and forecasts for 1989 from both companies indicate that Tilbury's earnings per share are growing faster than those of Lilley".

Tilbury, which is advised by Schroders, rejects Lilley's arguments for merger, saying that its specialist engineering skills leave it well placed to compete for high-margin contracts.

Until its market raid yesterday, Lilley owned, or had acceptances for 24.1 per cent of Tilbury's equity.

Bunzl disappoints with decline to £41m

By John Ridding

THE DISPOSAL of its transportation businesses and losses on currency hedging prompted a fall in pre-tax profits at Bunzl, the distribution and specialist manufacturing group, from £43.4m to £41m for the six months to June 30.

The City had been expecting a figure of about £46m and analysts slashed their forecasts for the full year from about £105m to £90m. Shares fell 14p to close at 138p.

Earnings per share slipped from 6.3p to 6p, but the dividend has been increased from 2.4p to 2.6p.

Mr James White, chairman and chief executive, said the group was continuing its strategy of focusing on fewer stronger businesses. He said that the days of frequent acquisitions - which at one time saw a new company bought every two weeks - "are now over."

An important announcement relating to the group's future shape and direction would be made in about three weeks' time, he said. Bunzl is likely to make a substantial disposal.

The immediate cause of the profits fall was partly the absence of £4.6m achieved by transport businesses in the comparable period. In addition, the group's mistaken anticipation of a weaker dollar was largely responsible for swing in corporate activities' contribution from profits of £1.6m to losses of £3.1m.

Trading profits from continuing businesses increased by 18 per cent from £41.7m to £49.1m. Paper and packaging, the company's largest business, saw profits flat at £21.9m (£21.8m). This reflected severely depressed margins in job-lot operations, which involve the distribution of paper off-cuts, and difficult pulp and paper trading markets.

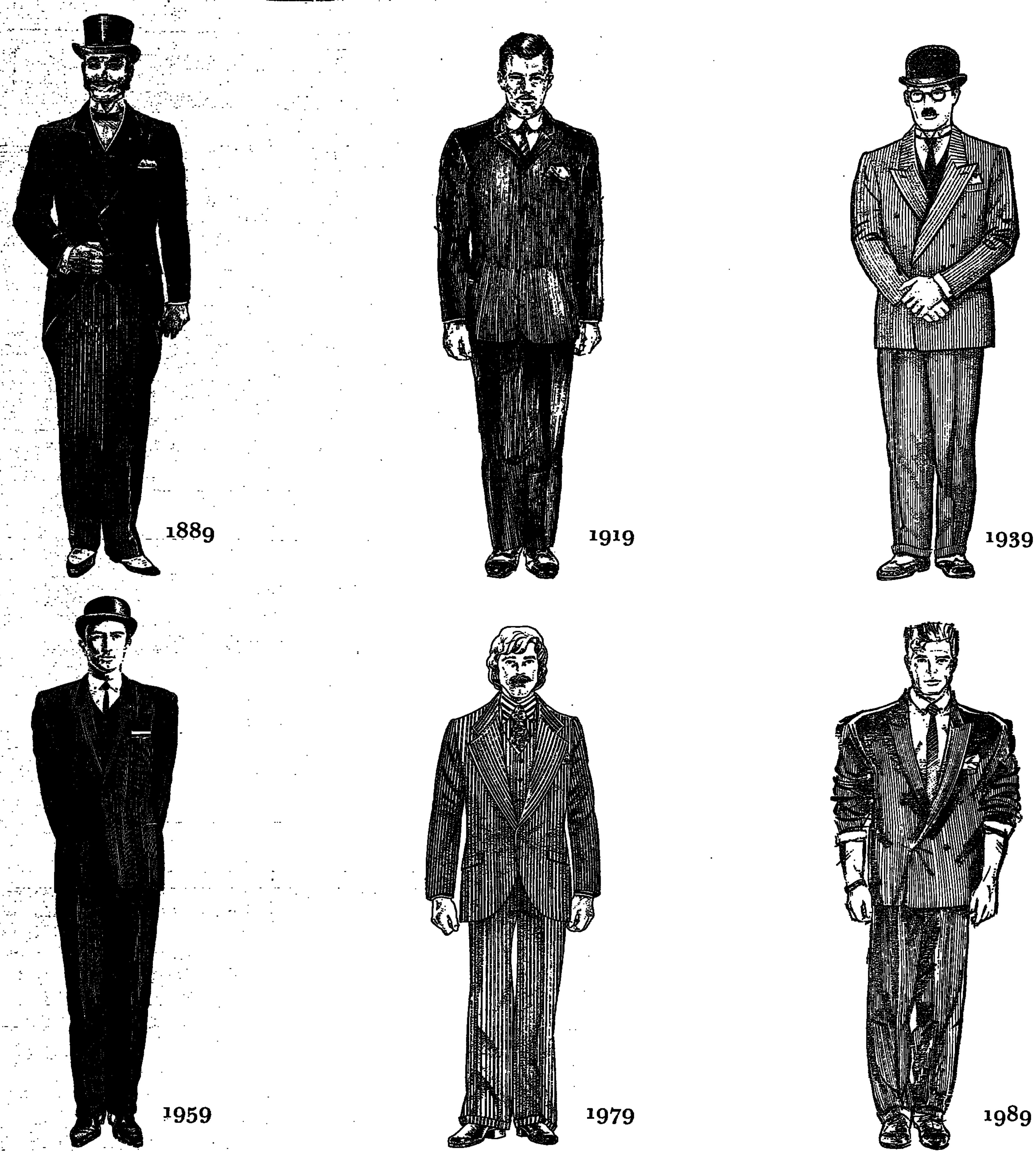
Industrial products improved profits from £4.1m to £5.4m.

In specialist manufacturing, paper and plastics improved profits from £9.7m £10.9m. A much stronger advance was recorded in the cigarette filters business which raised profits £6.1m to £10.9m.

Net borrowings increased from £168.1m to £201.2m, representing gearing of 85 per cent (69 per cent). Two-thirds of the increase reflected currency effects. Virtually all of the group's borrowings are in the US.

● COMMENT

Bunzl will have to tell a pretty good story in three weeks' time to regain the City's confidence. Yesterday's numbers were received as "another disappointment" and shares would have fallen further but for the prospect of Mr White's announcement and the fact that he has been making the right noises about what he might say. These noises suggest a big disposal, perhaps the lucrative tea bag or medical tissue businesses. This would strengthen the balance sheet and give Bunzl the potential to build up its stronger businesses. But all this remains uncertain. The reality is a poor performance for the rest of the year. Margins will improve in the problem areas of paper and packaging, but will struggle to exceed last year's levels. Cigarette filters, the brightest area, will slow as China's foreign exchange problems bite. A dash of bid speculation helps keep the prospective multiple at 10.5, at least for the moment.



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UK COMPANY NEWS

First time contribution from Birmid Qualcast lifts depressed home products side

Cement growth helps Blue Circle to £100m

By Andrew Taylor, Construction Correspondent

BRITISH CONSTRUCTION output is continuing to run at record levels, despite a sharp fall in housebuilding, judging by an 18 per cent rise in pre-tax profits announced yesterday by Blue Circle.

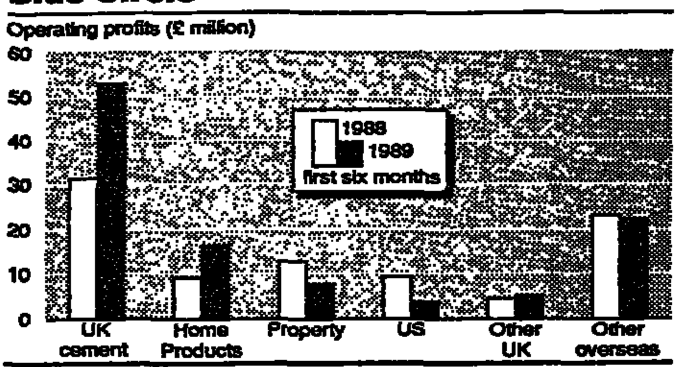
Pre-tax profits at Blue Circle, the world's third largest cement manufacturer, rose from £85.2m to £100.3m during the six months to the end of June. Turnover rose from £527m to £694.3m.

UK cement profits rose by 69 per cent to £53.2m accounting for almost half of operating profits of £108.9m. Blue Circle said UK cement sales were 5.4 per cent higher compared with the first six months of 1988. British cement prices had risen by 6 per cent in August 1988 and by a further 7 per cent in March this year.

A gauge of the strength of the market is that Blue Circle imported 907,000 tonnes of cement and clinker into the UK during the first six months of this year.

The British home products division is having a much harder time, despite increasing

Blue Circle



profits in the first half from £9.4m to £16.4m. Most of the rise was due to a first time contribution from Birmid Qualcast.

Blue Circle said the underlying level of profit from its merged home products business was much lower than it would have been last year. High UK interest rates had badly hit sales of cookers, boilers, lawnmowers and furniture and there was no sign yet of this improving. The company received another setback recently when its £180m bid for Myson, the radiator and boiler company, was referred to the Monopolies and Mergers Commission.

UK brick profits also suffered in the first half, declining from £3.2 to £2.6m, reflecting the fall in British housebuilding.

Property profits in the UK fell from £12.4m to £7.5m although the underlying level of property profits rose by £1.2m, if exceptional profits from the sales of land for the Chafford Hundred new town in Essex were excluded from last year's first half figures.

Overseas profits fell by 19 per cent from £33.2m to £26.8m. There was a big fall in US profits from £9.7m to £4.4m due partly to a decline in construction activity in east coast states but also to record rainfall which had curtailed building work. Mexican profits fell from £9.6m to £4m.

Since the first half the company has sold for £250m its Tolteca cement interests in Mexico and its allied operations.

Earnings per share, after allowing for a higher tax charge and conversion rights, fell slightly from 11.5p to 11.3p. The interim dividend was increased from 3p to 3.5p.

That Blue Circle operates a sewage treatment plant on the Isle of Wight must be one of the least known facts about the group. It is hoping to use the venture to break into a market which it estimates to be worth £400m to £500m during the next five to seven years, writes Andrew Taylor.

Blue Circle, which entered waste management by using its former quarries as holes in the ground into which to tip rubbish, has become more sophisticated as management of the environment has become politically important and potentially profitable.

Blue Circle now uses gas from its rubbish filled pits to create electricity to power some of its cement works and to sell to the national grid.

Several years ago it acquired a small company, Energy and Waste Systems which had patented a chemical sewage treatment system currently being used on the Isle of White.

Mr Jim McColgan, Blue Circle's joint managing director said *the group was in discussion with several water authorities to see* if they would like to use the system.

Holiday centres help boost Mecca Leisure to £31.6m

By Andrew Bolger

MECCA LEISURE Group, Britain's largest leisure company following its £750m takeover last year of Pleasurama, yesterday announced pre-tax profits of £31.61m for the six months to June 30.

Mecca has changed its year-end to fit in with Pleasurama, which was three times the size of the original bingo, holiday camp and nightclub group, and these figures are the first to reflect fully the contribution from Pleasurama's casino and catering businesses.

Mecca has announced an interim dividend of 2p and earnings of 2.9p. Dividends for the previous 15-month period totalled 5.7p. Mecca's shares rose 4p to 184p.

Warner holiday centres showed substantial growth in short breaks, bookings were up 40 per cent on last year. Bingo admissions continued to increase, with attendances about 3.5 per cent ahead. Nightclubs had a good first quarter, but the recent exceptionally hot weather had an adverse effect.

Casinos produced continued growth in the middle-market clubs, but the two top-end London casinos suffered from the general slowdown at the exclusive end of the market.

Profits from amusement machines reflected static rentals pending the outcome of a Gaming Board review which is expected to allow stake levels to rise from 10p to 20p.

Mecca continued to rationalise its catering operation, with the closure of low-profit restaurants and the expansion of its Sweeney Todd's and Prima Pasta venues.

Mr Michael Guthrie, chairman, said he had been pleasantly surprised by the strong performance of London's Hard Rock Café. This had been earmarked for disposal during the takeover battle with Pleasurama, although Mecca later decided to retain it. New Hard Rock franchises are being opened in the US.

● COMMENT

Mr Guthrie's greatly enlarged group pleased the market by profits at the top end of analysts' generally low expectations. Just how the absorption process is going is made difficult to work out by the absence of comparative figures.

What is clear is that the management has no plans for large-scale disposals and is happy for gearing to remain at 80 per cent, pointing to their healthy interest cover of 3.5. However, this stance might be causing them some pain as prospective capital expenditure for this year has been scaled down from £94m to £80m since April. The seasonal nature of Mecca's trade makes £98m a reasonable pre-tax profits forecast for the year, which puts the shares on a prospective multiple of about 13.3, a small premium to the sector. The fact remains that Mecca has geared up at a time of high interest rates and with a possible recession looming. Just how the expanded group will fare seems likely to turn on the impact of the consumer spending downturn.

Goode Durrant board move to be opposed

THE BIGGEST shareholder in Goode Durrant will vote against a special resolution at the industrial and financial management company's annual general meeting tomorrow, writes Ray Bashford.

Winnedael, headed by Mr Tim Nash and controlled by the Nash family, which has strong associations with South Africa, will oppose a resolution which would alter Goode Durrant's board power to disenfranchise shareholdings.

If the resolution is approved, the board would have the power to disenfranchise shareholders who do not comply with Section 212 of the Companies Act. This gives a company the right to demand the identity of the owner of shares in a nominee company.

Mr Michael Warring, the chairman of Goode Durrant, said that the change reflected amendments to the Stock Exchange listing rules.

He added that the alteration to the articles of association was planned before last July when Winnedael acquired its 14.9 per cent stake and placed a further 5 per cent in trust.

Mr Tim Nash said that the board of Goode Durrant was "attempting to put itself above the law", and that the change would give directors "too wide a discretion at the expense of shareholders".

Winnedael is in a strong position to win the vote at the annual meeting which requires approval from 75 per cent of the votes cast for success.

Mr Nash said that he expected to receive support from other shareholders at the meeting.

UK COMPANY NEWS

Croda improves 5% to £16.5m

By Clare Pearson

CRODA INTERNATIONAL, the chemicals, cosmetics and food company, yesterday announced a 5 per cent increase in pre-tax profits from £15.7m to £16.5m at the half year stage.

Mr Michael Valentine, who last month succeeded Mr Mike Cannon as chairman, said the results masked a significant improvement in the second half, as some raw material cost pressures eased.

The biggest profits growth came in surface coatings, the second biggest division after speciality chemicals.

The other three divisions, industrial chemicals, food and cosmetics and toiletries, all produced lower profits. Group turnover rose to £185.4m (£170.8m).

Earnings per share increased by 10 per cent to 8.95p (8.16p) while the interim dividend is lifted to 4.1p, from 3.8p.

Mr Valentine said Croda continued its active programme of capital expenditure, spending about £13.3m in the half-year against £6.8m last time.

It also spent £10.8m on acquisitions.

Surface coatings, which includes industrial paints and graphic supplies, achieved a rise in profits to £4.1m (£3m) on turnover of £47.6m (£36.4m).

Three extra months' trading in Australia put in £374,000 to profits but this was offset by above-the-line modernisation and closure costs.

Margin pressure in the speciality chemicals division, which includes resins, oleochemicals, lanolins, and adhesives, meant that though sales increased by 12 per cent to £77.4m, pre-tax profits rose by only 5 per cent to £10.1m.

In the industrial chemicals sector, profits fell to £1.4m (£1.9m), ascribed to competitive problems in the rendering industry and some restructuring costs.

Foods made £800,000 (£1m), against a background of lower sales of eggs to bakers following the food scares at the turn of the year.

Cosmetics and toiletries, partly hit by relocation, put in £100,000 (£200,000).

Income from investments and properties fell to £100,000 (£400,000). Net interest payable rose to £800,000 (£700,000).

● COMMENT

These results were at the top end of City expectations, although Croda had been expected to set aside more for this year's change in accounting for pension fund contributions, and the extra three months in Australia also helped. In the full year, there will be a gain from the disposal of a cosmetics site in Sussex, while currencies have also been on Croda's side. However, all these factors should only serve to push pre-tax profits up to about £36.5m. This is not inspiring compared with £33.7m (net of property) last time, and growth prospects for 1990 do not look strong either. A prospective p/e of above 11 is nothing to get excited about but Croda's shares are held for yield rather than capital appreciation and this looks fairly comfortable at nearly 7 per cent prospectively.

Peter Black holds margins and hits £9.6m

By Vanessa Houlder

PETER BLACK Holdings, the Yorkshire-based consumer goods manufacturer which recently abandoned an attempt to take over Lambert Howarth, a rival footwear company, made profits of £9.62m pre-tax on turnover of £138.40m for the year to June 3.

That compared with £8.52m and turnover of £133.55m for the 13 months to June 4 1988. On an annualised basis, pre-tax profits and turnover increased by 23 per cent and 12 per cent respectively.

Mr Gordon Black, chairman, said that although higher interest rates had affected turnover growth in the second half, it had maintained its improved profit margin.

Demand for furniture, which represented 5 per cent of turnover, was slowing down. However, footwear, toiletries and cosmetics continued to perform strongly.

The costs of the aborted £8.76m bid for Lambert Howarth resulted in an extraordinary charge of £298,000.

Net assets increased by 42 per cent from £30m to £43m, including a surplus of £9.1m arising from a property revaluation.

Gearing fell from 64 per cent to 37 per cent, despite a capital expenditure programme of £7.9m.

On an annualised basis earnings per share increased by 24 per cent from 10.48p to 13.03p. A final dividend of 1.75p per share was recommended, making a total of 2.4p, an increase of 32 per cent.

● COMMENT

Given the dire state of many consumer products businesses, there are signs that Peter Black is being let off relatively lightly. For one thing, the shoe operations, which account for half the business, should escape the full force of consumer cutbacks. Although new shoes are to some extent discretionary purchases, Peter Black is focused on the value-conscious Marks and Spencer customer, who is expected to be more resilient than most. For another, toiletries and cosmetics still promise excellent growth, although much rests on the all important pre-Christmas period. Only its embryonic furniture business is feeling the full blast of the consumer cutbacks and this accounts for a mere 5 per cent of sales. Furthermore, Peter Black is still reaping the benefits of improved efficiencies stemming from its capital expenditure programme. Accordingly, Peter Black can be expected to make profits of about £10.5m this year, which given a share price of 154p, up from 153p, puts it on a p/e of 11. Allowing for the lack of enthusiasm for consumer stocks, that seems reasonable value.

PR disposal by Lowe Howard

By Ray Bashford

LOWE HOWARD-Spink & Bell, the advertising and public relations company, is disposing of the rump of its public relations business for £7.6m to a management team.

The buy-out is being led by Mr Tim Bell, who is deputy chairman of the parent company and Mr Piers Pottinger, the chairman of Lowe Bell Financial, part of the public relations company.

The parent company has decided to take a 24.5 per cent stake in Chime Communications, the vehicle that has been formed to effect the buy-out, and will also make a £1.5m loan to the new group on a subordinated basis.

Mr Pottinger said he believed the public relations arm would grow faster as an independent entity than as part of a public company. The decision of the parent to take an interest in the new company was an expression of confidence its future, he added.

GJW Government Relations is the only one of the six companies in the division which will remain with the parent.

In 1988 the public relations operations contributed £15.14m (£10m) to group turnover.

The parent's name will be changed to Lowe Group following completion and the relations business will trade as Lowe Bell Communications.

Under the agreement, other members of staff at the public relations division could be entitled to acquire the parent company stake over 5 years.

Mr Bell will be the biggest shareholder with 30 per cent of the capital, followed by Mr Pottinger with 20 per cent, Hambros-Magan, which has advised the management team, 15 per cent and Mr David and Mr Frederick Barclay, UK-based financiers with 10 per cent.

NEWS DIGEST

Unit trust profits hit EFM results

A DECLINE in unit trust trading profits was the major factor behind the fall from £2.36m to £2.12m in pre-tax profits of Edinburgh Fund Managers in the six months to July 31 with earnings per share down from 10.2p to 7.2p.

Net profit from unit trust trading trading dropped from £1.01m to £404,000. But the managers said that a more informative comparison was with the second half of last year on which they improved the profit before tax by 25 per cent and earnings per share on the increased capital by 7 per cent. And on the positive side the managers attracted new pension fund clients and are providing investment management for the General Accident unit trust which were launched in May. Funds under management as at July 31 were £1.5bn.

The interim dividend has been increased from 4p to 4.2p; last year's total payment was 10.5p.

Corton Beach achieves £0.63m rise

Corton Beach, the acquisitive USM-quoted mini conglomerate which operates through three autonomous divisions spanning food, leisure and automotive businesses, achieved a £0.63m increase in profits to £2.26m pre-tax for the half year ended July 31.

Turnover advanced to £60.95m (£47.51m) generating operating profits of £3.26m (£2.12m). Earnings worked through 0.8p higher at 5p. The company does not pay interim dividends but the directors said that as indicated at the annual meeting, they will recommend a substantial increase in the dividend for the year (0.625p was paid previously).

They pointed out that trading in the second half had begun in accordance with expectations and a satisfactory full year result was anticipated. Several further acquisitions were being progressed.

The directors also said that the rights issue of convertible preference shares in connection with the acquisition of Lyon & Lyon had strengthened the balance sheet and that the company had further improved its financial position via the acceptance of a syndicated loan facility from Samuel Montagu which had replaced existing group borrowings.

Stat-Plus at £2.82m

Stat-Plus Group, the law and office stationery retailer, raised its profits from £2.37m to £2.82m pre-tax for the six months to end-June on a turnover virtually static at £6.24m.

The results benefited from a £339,000 rise in interest income to £586,000. Earnings amounted to 8.4p (7.1p) and the interim dividend is being lifted to 1.75p (1.25p). At the half-year end the company had cash deposits of £10.4m.

Better margins in Isotron's 17% rise

An improvement in margins is reflected in the results of Isotron, the largest gamma irradiation service company in the UK, with pre-tax profits up 17 per cent from £2.06m to £2.4m in the year to June 30 against a 6 per cent improvement in turnover to £4.8m.

The chairman, Colin Clive, said good progress was made in the market for the sterilisation of surgeon's gloves, medical packaging and laboratory disposables. The announcement that the Government intended to permit the irradiation of food was also good news for the company.

Tax charged was £841,000 (£721,000) leaving earnings per 25p ordinary of 12.7p (10.9p) for the dividend which, with a proposed final of 1.73p (1.44p), makes a total of 2.6p (2.16p).

Nurdin & Peacock rises 13% in midst of cigarette war

By John Ridding

NURDIN & PEACOCK, the cash and carry wholesaler, raised pre-tax profits nearly 13 per cent from £5.47m to £6.16m in the six months to July 1.

Last year's figures have been restated upwards from £5.08m following a change in accounting practice. This removes the depreciation charge on freehold property and brings the group in line with other cash and carry operators.

Turnover increased from £479.97m to £523.05m and earnings per share to 5.07p (4.53p). The interim dividend is 1.68p (1.48p).

Mr Michael Peacock, chairman, said the fine weather since May had increased sales of soft drinks, beer and ice cream more than it had reduced demand for products such as chocolate.

But the Budget had removed the opportunity for gaining stock profits and prompted price competition as rivals offered discounts to eliminate stock. Cigarettes had experienced particularly fierce competition.

N&P said own label products accounted for over 20 per cent of total sales. And its Red Band brand of cigarettes accounted for 24 per cent of the own label cigarette market.

During the period, SHV, the Dutch cash and carry operator increased its stake from 6 per cent to 8.5 per cent. Mr Peacock said he had been assured that the company's intentions were not hostile, but "I would obviously prefer that nobody bought up a sizeable stake."

● COMMENT

N&P ticks along satisfactorily. Yesterday's figures are more impressive than they seem given the pretty tough cigarette price war going on with Booker, which owns the UK's largest cash and carry group, and the trebling in pension fund contributions to £900,000. On the other hand, a 9 per cent increase in sales looks less impressive when one takes out the 4 per cent relating to new sites and the 3 per cent relating to inflation. The increased pension payments are set to continue, as are the cigarette wars, but pre-tax profits should still reach £22.5m, placing shares on a multiple of 16. This is way too high on fundamentals, but is easily explained by the presence of SHV. A hostile bid seems unlikely - particularly given the 34 per cent holding by N&P's board. More probable, according to their track record, is a gradually increased stake with the aim of collaboration.

Third party enters fray with stake in Goldberg

By Lisa Wood

THE TAKEOVER battle between A Goldberg, the Glasgow-based fashion retailer, and Blacks Leisure, its predator, took on a new twist yesterday. It came when Fletsand Investment, the investment company which owns Lewis's, the department store group, announced it had taken an initial 1.05 per cent stake in Goldberg.

Blacks, the sports and camping goods retailer, controls 34.64 per cent of Goldberg, for which it is making a £32m all-paper bid.

The next closing date for the Blacks offer is September 12.

Fletsand said it had no present intention of making a bid for Goldberg but revealed it had held talks to discuss possible avenues of co-operation, including merging the businesses in some way. The talks had been discontinued because of Blacks' bid. However, it was decided that if Blacks' bid should lapse Fletsand would re-open talks with Goldberg.

Mr Simon Bentley, chairman of Blacks, said: "For Goldberg shareholders the Fletsand announcement does not provide any kind of alternative to our offer."

Mr Mark Goldberg, the target's chairman, yesterday urged his shareholders to reject the bid and said there were alternatives to what was on offer.

UK COMPANY NEWS

Small chance of success but still able to rock the boat

Ray Bashford on the intensifying war surrounding Ron Brierley's fight for control of Molins

MOLINS, the cigarette machinery manufacturer, is again in the final hours of an attempt to fend off a takeover challenge.

Shortly after the offer from IEP Securities closes tomorrow afternoon it should be known whether Molins will fall into the hands of Sir Ron Brierley, the New Zealand businessman, or continues an attempt to independently correct its erratic performance.

All the signals indicate that Sir Ron's two-year wait to launch a second takeover for Molins has done little to strengthen his chances of success and that the offer will close without his arriving much closer to a position of majority control.

Institutions, led by M&G with 18.6 per cent of the capital, are likely repeat their rejection of the June 1987 offer which was mounted through another Brierley-controlled company, Tozer Kemsley Millbourn (Holdings). This collective aversion to the 230p bid, which values the company at £68.8m, will frustrate IEP's takeover and contain its holding in the machinery manufacturer to a maximum of 40 per cent.

Acceptance by the institutions has been made especially difficult because they rejected the first offer at 300p and would be seen to lose face by agreeing to 230p.

However, there is no doubt that IEP, with such a large minority shareholding to protect, will continue to rock the Molins boat. The New Zealand-controlled company could call upon the support of institutions which are sympathetic to its case against Molins but which feel that the cash offer is insufficient, to aid in efforts to destabilise the board.

This relatively small corporate war has been accompanied by the usual rhetoric associated with a takeover and the tone has intensified during the past two weeks. IEP has strengthened its attack as it has become obvious that it will not win majority control, even after strong lobbying of the institutions.

The New Zealand company alleges that the Molins board has presided over an "abysmal" financial performance over the past five years and that present policies will make it impossible for the company to fulfil the profit forecasts made during the defence.

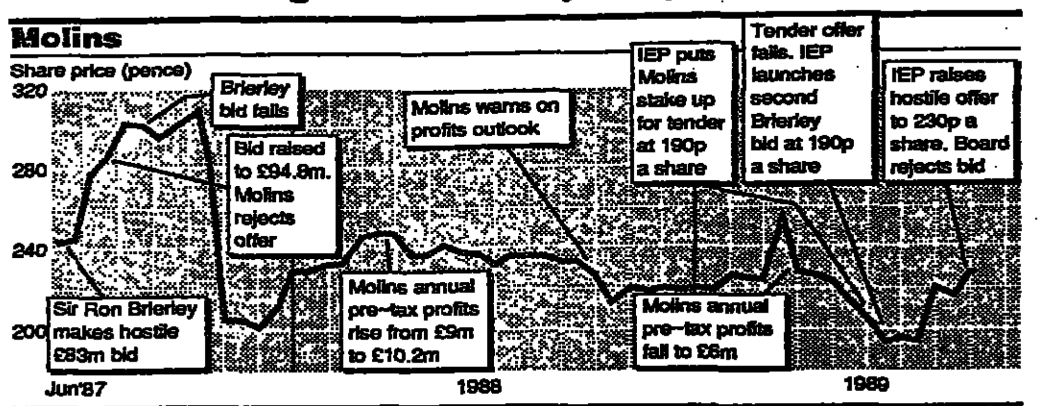
Molins counters predictably that IEP is attempting to "rob" shareholders of the true value of their shares through an offer which undervalues the present and future worth of the shares.

Despite the reluctance of institutions to accept the offer, it is not difficult to find City analysts within the engineering sector, who agree that Molins has been poorly managed.

"The IEP argument is good. The Molins management has done nothing and the quality of the company's earnings is poor. This company has lurched from crisis to crisis in recent years," said an analyst who has recently been in discussion with the Molins board.

Since 1984 the company's pre-tax profits have followed an erratic course, moving between £6m in 1984 and a peak of £10.2m in 1987 before sliding to a £6m pre-tax profit last year which put the shares under renewed pressure.

A recovery of profits and the establishment of a more steady profits record has formed the main plank of Molins' defence and the bid has flushed out a forecast of pre-tax profit of £13m for the current 12 months.



Mr Stuart Mitchell, IEP's chief executive in the UK, argues that Molins' profits are of a low quality and that the company will be hard pressed to meet the forecast.

A large and growing proportion of the company's profits are being generated in developing countries where cigarette sales are being less affected by increasing public concern about the dangers of smoking.

Brazil is estimated to contribute about one-third of Molins' pre-tax profits and the recent tighter controls on remittance of earnings from the country threatens to reduce this figure. There are already signs that the upheaval in China has lowered the country's potential as a profits source.

Molins replies with the claim that recent changes in the range of the machinery on offer, particularly to developing nations, has created a more solid foundation for it to compete as one of the world's two major producers of this specialised equipment.

The workforce has also been cut back as part of an attempt to reduce overheads and boost productivity. The benefits of these moves have already become evident and will continue to grow in coming years, says Mr Michael Wright, Molins' managing director.

The company has also suggested that success in the US courts in a fight for the preservation of rights to patents over flexible manufacturing systems, used in computerised production lines, could provide "substantial income from past and future FMS installations."

The Molins defence document has also contained an estimate that the value of surpluses on pension funds at May 31 was £55m. It forecast that it would not have to make pension contributions to the funds for at least 20 years and that the surpluses should ensure that it will benefit from a major contribution to profits and cash during that period.

IEP dismisses all these as "jam tomorrow" arguments which aid its claim that the company has a weak profits generating capacity in its core business.

But an essential shortcoming in IEP's attack has been its failure to explain its intention with Molins if it were successful. Mr Mitchell says he would install a new management and operate the company in a more aggressive fashion.

However, this explanation is too vague for even analysts who support the thrust of IEP's case. "Stuart Mitchell's mistake is that he has never fully explained what he intends to do with the company. So you can only conclude that there is no industrial logic to the takeover," an analyst said.

The rejection of the bid by institutions was largely an act of long-term faith in the management. However, they must have less faith in Molins' shares being able to maintain the levels they have reached since Sir Ron made his second entry.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY- Indices of industrial production, manufacturing output (1985=100); engineering orders (£ billion); retail sales volume (1985=100); retail sales value (1985=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unem-ployed	Vacs.
1988							
1st qtr.	107.8	112.8	31.4	117.9	118.7	2,486	248.9
2nd qtr	109.3	112.4	32.7	118.7	122.7	2,364	255.2
3rd qtr.	110.5	115.5	32.5	120.1	128.8	2,220	244.3
4th qtr.	110.4	117.0	32.4	121.0	138.4	2,101	244.8
September	110.9	116.5	32.5	118.5	124.8	2,132	240.3
October	110.2	116.5	32.3	121.0	132.6	2,158	241.2
November	110.9	117.1	32.7	120.7	148.2	2,105	248.2
December	110.1	117.5	32.4	124.1	161.9	2,047	238.3
1989							
1st qtr.	109.2	118.2	36.6	121.5	125.4	1,962	225.7
2nd qtr.	108.4	118.3	37.3	122.3	132.7	1,864	222.2
January	108.8	118.9	34.9	119.4	124.3	1,999	228.2
February	108.0	118.0	35.2	122.1	123.8	1,944	224.1
March	108.2	117.9	36.6	122.9	127.4	1,917	222.9
April	109.2	117.3	37.9	120.9	131.4	1,908	222.1
May	107.9	119.2	37.3	124.5	133.4	1,856	218.2
June	108.8	118.4	37.3	121.8	133.6	1,818	222.4
July				121.9	136.5	1,799	219.8

OUTPUT- By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1985=100); housing starts (000s, monthly average).

	Cnsmer. goods	Invest. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1988							
2nd qtr	111.5	108.5	106.6	110.1	120.3	100.9	22.3
3rd qtr	113.5	113.3	106.0	114.3	123.7	102.1	20.4
4th qtr	113.6	116.9	108.3	116.8	124.5	101.6	18.4
Sept.	114.2	115.5	108.6	116.8	128.0	101.9	20.1
October	112.8	116.8	107.8	117.8	128.6	101.8	19.6
November	114.3	117.2	107.2	117.8	128.6	102.5	21.4
December	113.8	116.8	106.1	118.0	125.0	102.9	14.2
1989							
1st qtr.	114.1	118.4	104.8	117.5	130.3	99.5	17.8
2nd qtr.	114.5	118.4	102.2	117.5	128.1	98.3	18.4
January	113.7	128.5	104.2	119.5	130.0	99.8	22.6
February	113.6	117.5	104.8	117.9	125.0	100.8	19.4
March	114.9	117.7	103.3	117.5	126.9	98.5	15.8
April	114.7	115.5	104.2	116.8	137.6	99.6	18.4
May	115.1	119.6	100.9	119.6	124.0	98.9	19.3
June	114.5	121.1	100.7	119.8	121.8	97.8	17.4
July							14.5

EXTERNAL TRADE- Indices of export and import volume (1985=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1985=100); official reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Reserve US$bn
1988							
1st qtr.	106.2	119.8	-4,029	-3,661	+730	97.9	44.54
2nd qtr	114.5	128.2	-4,530	-2,782	+965	97.1	48.82
3rd qtr	112.8	134.6	-6,724	-3,419	+627	97.3	50.48
4th qtr.	107.8	134.7	-5,465	-5,364	+386	98.7	51.99
October	103.7	138.6	-2,969	-2,362	+57	97.5	50.05
November	109.3	131.3	-1,850	-1,583	+150	98.2	51.84
December	109.8	133.2	-1,216	-1,445	+152	97.8	51.69
1989							
1st qtr.	112.6	140.5	-5,989	-4,841	+247	98.3	50.48
2nd qtr.	115.1	148.2	-5,632	-4,832	+333	97.6	43.57
January	117.1	145.1	-2,047	-1,867	+115	98.9	51.71
February	105.4	138.0	-2,215	-1,836	0	99.8	51.69
March	115.9	136.2	-1,718	-1,338	+128	98.7	50.48
April	111.5	140.0	-2,175	-1,755	+134	98.9	47.26
May	115.2	138.4	-1,740	-1,340	+42	98.8	45.09
June	118.7	142.1	-1,917	-1,817	+156	98.9	43.57
July	117.1	148.2	-2,462	-2,062	+84	98.1	43.53
August							43.21

FINANCIAL-Money supply M0, M2 and M4 (annual percentage change); bank sterling lending to private sector; building societies' net inflow; consumer credit†; all seasonally adjusted. Clearing Bank base rate (end period).

	M0 %	M2 %	M4 %	Bank lending £m	BS inflow £m	Cnsmr. credit† £m	Base rate %
1988							
2nd qtr	6.5	14.6	16.6	+22,369	4,173	+1,106	9.50
3rd qtr.	7.7	16.2	18.5	+22,492	3,162	+1,002	11.50
4th qtr.	7.7	16.6	17.5	+19,850	3,169	+873	12.79
September	8.5	16.6	18.5	+7,532	821	+278	12.00
October	7.7	17.1	17.2	+6,391	1,563	+188	12.00
November	7.7	13.4	17.4	+5,959	798	+382	13.00
December	7.7	16.6	17.5	+7,300	818	+295	13.00
1989							
1st qtr.	6.7	15.2	18.4	+21,236	2,861	+818	13.00
2nd qtr.	5.6	12.5	19.2	+20,771	1,785	+1,008	14.00
January	7.2	15.4	18.0	+8,670	794	+326	13.00
February	6.6	15.7	18.5	+4,768	1,064	+261	13.00
March	6.2	15.2	18.4	+7,797	813	+230	13.00
April	6.7	15.9	18.3	+7,116	1,175	+313	13.00
May	6.2	14.4	18.6	+6,613	713	+665	14.00
June	5.9	12.5	19.2	+7,842	-158	+195	14.00
July	5.3	11.9	17.9	+7,165	249	+251	14.00
August							14.00

INFLATION-Indices of earnings (1985=100); basic materials and fuels; wholesale prices of manufactured products (1985=100); retail prices and food prices (Jan 1987=100); Reuters commodity index (Sept 1931 =100); trade weighted value of sterling (1975=100)

	Earn-ings	Basic matls.*	Whsale. mnfg.*	RPI*	Foods	Reuters* cmdty.	Sterling
1988							
1st qtr.	122.6	96.9	111.9	103.7	103.5	1,747	75.2
2nd qtr	124.6	97.6	112.6	106.2	104.6	1,817	77.5
3rd qtr.	127.0	98.8	113.9	106.6	104.7	1,902	75.9
4th qtr.	131.5	100.1	115.2	108.9	106.7	1,867	77.5
October	129.5	98.0	114.9	108.5	104.9	1,874	76.3
November	130.7	99.5	115.2	110.0	109.7	1,806	77.1
December	134.3	102.6	115.4	110.3	106.6	1,921	79.0
1989							
1st qtr.	134.9	102.8	116.5	111.7	107.8	1,974	87.1
2nd qtr.	136.2	104.4	118.2	114.9	108.2	2,016	93.8
January	133.3	104.9	116.4	111.6	107.4	1,969	87.9
February	133.8	101.9	116.6	111.8	107.7	1,954	87.4
March	134.9	102.4	117.2	112.3	108.3	1,998	86.9
April	135.7	103.9	117.3	114.3	109.6	2,016	86.5
May	136.1	104.7	118.3	115.0	110.3	2,019	84.3
June	136.7	104.6	118.6	115.4	110.7	2,027	87.1
July		103.3	119.0	115.5	110.1	1,948	92.2
August						1,902	91.6

*Not seasonally adjusted

†Net changes in amounts outstanding, excluding bank loans.

NEWS DIGEST

Avonmore Foods rises to I£5.61m

Avonmore Foods increased pre-tax profits by 29 per cent from I£4.34m to I£5.61m in the six months to June 30 on turnover up from £159m to £177.27m. An exceptional debit of £360,000 represented non-capitalised acquisition costs.

The Kilkenny-based company said that Glen Mills Dairy, acquired in May as part of its expansion policy, was providing exciting opportunities in Northern Ireland. All divisions of the group, which went public last September, continued to perform at satisfactory levels.

An interim dividend of 1.25p is to be paid per A ordinary share and a dividend of 0.5p per B ordinary. Earnings per share came to 3.8p (3.96p).

Conder Group trebles its profits

Conder Group, the construction and property group restructured earlier this year on a national basis by activity, almost trebled pre-tax profits in the first half and Mr Christopher Stewart-Smith, chairman, said that all the main activities had continued to show strong growth.

In the six months to June 30, pre-tax profits moved up to £5.1m (£1.75m) and this was scored on turnover ahead 53 per cent to £120.6m (£78.84m). Tax was charged at 32 per cent (10 per cent) and took £1.65m (£183,000), leaving earnings more than doubled at 42.5p (18.3p).

The interim dividend is doubled to 6p (3p).

WSP jumps 67% to £442,000

WSP Holdings increased its pre-tax profits by 67 per cent to £442,000 in the six months to June 30. Turnover of the USM-quoted consulting engineer rose sharply from £1.23m to £2.24m and earnings, after tax of £161,000 (£100,000), were 52 per cent up from 2.7p to 4.1p.

Mr Geoffrey Williams, chairman, said the results had been achieved without the benefit of any contribution from BSDC, which was acquired in June.

The interim dividend is increased from 0.8p to 0.9p per 5p share; last year's total payment was 2.1p.

Robinson Brothers profits improvement

Interim pre-tax profits of Robinson Brothers (Ryders Green), principal activities of which are the manufacture and sale of organic chemicals, improved from £1.19m to £1.44m in the six months ended July 1.

The statement said the improvement in trading which marked 1988 had continued this year and the company expected a satisfactory second half, subject to the usual seasonal variation. Last year's total pre-tax profit was £1.86m.

Turnover in the period was up slightly from £10.55m to £11.88m. Tax on profits was £506,000 (£415,000) leaving earnings per share of 53p (45p). The interim dividend is announced at a later date.

Quicks up to £2m

First half pre-tax profits of Quicks Group, the motor and parts distributor, rose from £1.71m to £2.08m despite a near £700,000 rise in interest charges to £827,000. Turnover advanced by £31m to £108m.

Earnings for the period to end-June amounted to 10p (8.8p) and the interim dividend is being lifted by 0.5p to 2p. Below the line there was an extraordinary gain of £550,000 (nil).

Estate agencies check Provident

Provident Financial Group, the consumer lender with a sales force of 10,500 door-to-door agents, reported pre-tax profits of £9.8m in the half to June, 14.8 per cent up on the same period last year.

Mr Peter Hogg, chief executive, said he was quite pleased with the overall group result, despite the poor showing of the group's estate agency operations.

These lost £850,000 in the first half of the year compared to a profit of £300,000 a year ago. Mr Hogg said he did not expect estate agency operations to show a profit this year, though losses would be lower in the second half. Provident has reduced its agency chain by three to 104.

Group turnover was up 18 per cent to £212.5m. Turnover on the core business of weekly collected credit rose by 22 per cent to £160m. Earnings rose to 11.94 (10.55p) and the interim dividend was raised to 7p (6p).

CRH advances 39% to I£27m

Pre-tax profits of CRH, the international building materials group and one of the biggest companies in the Irish Republic, rose by 39 per cent to I£27.2m during the six months to June 30 against a previous I£19.5m.

Turnover increased by 25 per cent to I£500.9m (I£400.1m). Earnings rose by 40 per cent to 7.35p (5.24p) and the interim dividend goes up 17 per cent to 1.75p.

Profits from Ireland increased by about £2m, from mainland Europe by £4m, and from the UK by £4m. However, US profits fell by £2m.

Higher UK profits had come from the quarry and ready mix concrete operations in Northern Ireland, the Forticrete concrete masonry business in the UK and a first time profit from the new blacktop operations at Northfleet in Kent.

On analysts' forecasts of full-year profits approaching I£60m, the prospective multiple is 12.

Pearl Assurance rises 8% to £31m

Pearl Assurance Group disclosed pre-tax profits of £31.1m for the six months to June 30, up by 8 per cent on the previous £28.9m.

Short-term business contributed pre-tax profits of £3.9m. The company declared an interim dividend of 7.5p, a 25 per cent rise. Earnings rose from 11.04p to 12.1p.

Life business grew by 15 per cent to £46m, while single premiums rose by 50 per cent to £86m. More than 90,000 personal pension proposals were received during the period.

Mr Nigel Proddow, chief general manager, said Pearl was pleased by the strong showing of its personal pensions business, where it benefited from a booming market in the final weeks of the 1988-89 tax year.

However industrial branch new premiums fell to £10.62m (£15.47m), partly because of the emphasis on pensions business. *Some of these results were published in later editions yesterday.*

Passed Finalists List

C I M A

The names are given below of successful candidates in the Institute's Stage 4 (final) examination, taken in May 1989. The pass rate in the United Kingdom and Republic of Ireland was 44%, and overall, home and overseas, was 34%. The locations given are those of the examination centres where the candidates sat.

A

HS ABEYSEKERA, London; JE ACRED, Liverpool; SJ ADCOCK, Luton; BD ADDISON, Swindon; JK ADDISON, Durban; AO ADEBIYI, Battersea; IK ADUSEI, Accra; AJ AIKEN, London; RO AKINLADE, Battersea; JL AL-IZZI, Luton; CB ALDERSON, Manchester; MAA ALI, Battersea; CJ ALLEN, London; JM ALLICK, Middlesbrough; KY ANDERSON, Watford; CR APPERLEY, Cape Town; HAO APPIAH KUBI, Barking; J APPLEYARD, London; MJ ARNOLD, Chelmsford; MA ARTHURS, Southampton; P ASHBY, Manchester; CJ ASHMAN, Leeds; MGP ASSINDER, Brighton (Hove); CA ATKINS, Dunstable; HC ATKINSON, Brighton (Hove); S ATKINSON, Kingston upon Thames; PJ ATTRIDGE, Cork; SD ATTWOOD, Manchester; JM ATUKORALA, Colombo; LE AUSTIN, Luton; AL AYAD, Kingston upon Thames; ME AYLWARD, Dublin; CJ AYNSWORTH, Coventry; BJ AYRES, Worthy Down;

B

AJ BAARS, Reading; S BACON, Derby; J BAILEY, Luton; SR BAILEY, Kingston upon Thames; SM BAINBRIDGE, Middlesbrough; GD BAINES, Derby; RA BAKER, Luton; HS BAL, London; BJ BALASINGH, Colombo; E BALD, Brighton (Hove); MD BALL, London; MJ BALL, Kingston upon Thames; TA BALL, Nottingham; TJ BALLARD, Birmingham; RJ BANBURY, London; NJ BANCROFT, Nottingham; JE BARKE, Derby; CA BARKER, Southampton; NR BARKER, Coventry; P BARKER, Chelmsford; P BARKER, Preston; J BARNES, Sheffield; JN BARNES, London; MR BARNETT, London; SJ BARNETT, London; KR BARTHROP, Croydon; CF BARTON, Derby; DJ BARTON, Derby; NJ BATE, Manchester; MJ BATTERBERRY, Bristol; KS BAYLES, Southampton; AJ BEACH, Exeter; DW BECK, Belfast; LR BEDFORD, Dundee; WW BELING, Colombo; A BELL, Manchester; LA BENNETT, Middlesbrough; JM BERGIN, Cork; APM BERMINGHAM, Battersea; AM BERRY, Maidstone; DJ BERRY, Derby; A BETHELL, Cheltenham; TA BETTERIDGE, London; JP BEVAN, Reading; MF BEVERIDGE, Edinburgh; P BEVINGTON, Middlesbrough; KM BHATT, Manchester; V BHATTU, Mauritius; AB BHESANIA, Gaborone; J BIDDULPH, London; MP BIGAM, Leicester; NM BINKS, Aberdeen; A BIRCH, Luton; AJ BIRD, London; BR BIRD, Chelmsford; JD BIRD, Luton; RA BIRD, Derby; TM BIRD, Wolverhampton; AR BLACKBURN, Reading; GM BLACKHURST, Croydon; RI BLACKSHAW, Reading; DR BLANKSBY, Slough; CA BLATHERWICK, Nottingham; C BLEBTA, Coventry; RA BLOOMFIELD, Chelmsford; AC BLOOR, Stoke; D BLUNDELL, Liverpool; CE BODINGTON, Durban; KJ BOLAND, Wakefield; TA BOLGER, London; CR BOOKER, London; DJ BOORMAN, Pitsea; RJ BOOTH, Coventry; SB BORGES, Chelmsford; SC BORWICK, Newcastle; MA BOTTO, Croydon; M BOWDEN, London; MC BOWEN, Stoke; MJ BOWERS, Southampton; JW BOX, Birmingham; KP BRACKSTONE, Southampton; MV BRADSHAW, Manchester; FA BRAID, Glasgow; MJ BROUWERS, Brussels; D BROWN, Leicester; JC BROWN, Manchester; KJ BROWN, Deeside (North Wales); PJ BROWN, Croydon; PR BROWN, Glasgow; RW BROWN, Manchester; A BRUCE, Worthy Down; JA BRYANT, Slough; MW BRYDGES, Reading; ML BUCHANAN, London; TM BUCKLEY, Manchester; TO BUCKLEY, Cork; M BUDDEN, Leeds; RG BULLEN, Worthy Down; LP BULMAN, London; TE BURNETT, Southampton; ML BURNS, Glasgow; SA BURTON, Croydon; JR BUSHELL, Aberdeen; AM BUTTERLY, Dublin; GJ BUTTERWORTH, Cheltenham; KA BUTTON, Cambridge; DR BYRNE, London; MA BYRNE, Derby;

C

A CAME, Brighton (Hove); AJ CAMERON, Blackburn; AM CAMPBELL, Liverpool; GA CANNON, Liverpool; SGO CANNON, Luton; VO CAREY, Southampton; JL CARLTON, London; PJ CARTWRIGHT, Northampton; M CASEY, Brighton (Hove); LCD CASIE CHITTY, Colombo; SJ CASTLE, Southampton; JD CHAFFIN, Brighton (Hove); K CHALK, Southampton; NDB CHALK, Harare; J CHALMERS, Exeter; MP CHALWE, London; CHAN CHUN KIT, Hong Kong; E CHAN YEE LIN, Hong Kong; NA CHARCHAROS, Luton; SC CHARLES, Cape Town; G CHELLIAH, London; CHEN PING HIM, Hong Kong; CHIANG SAI YUEN, Hong Kong; DA CHILDS, Cheltenham; JE CHILDS, Wednesbury; M CHITTOCK, Liverpool; A CHORLTON, Liverpool; P CHUNG CHING-SHAN, Hong Kong; KS CILLIERS, Harare; AJC CLARK, London; NS CLARK, Worthy Down; AF CLARKE, Cambridge; BE CLARKE, Belfast; CP CLARKE, Croydon; GG CLARKE, Southampton; SA CLARKSON, Winchester; DA CLIFFE, Manchester; AR CLOUGH, Preston; IJ COCKBURN, Luton; MJ COEN, Glasgow; J COLLEY, Manchester; SF COLLIER, Swansea; RA COLPITTS, Liverpool; JD COMLEY, Wednesbury; BA CONYARD, Kingston upon Thames; RA COOKE, Manchester; M COOMBS, Luton; R COOPER, Derby; NSS COORAY, Colombo; DA CORBETT, Watford; J CORNALL, Watford; BG COULSON, Cape Town; NSM COX, Slough; AJ CRABB, Battersea; SJ CRAGG, Nottingham; DA CRAWFORD, Aberdeen; S CREASY, Derby; A CRONIN, Newport; PK CROSS, Wednesbury; PB CROUCHER, Cape Town; S CROWE, Wednesbury; AM CROWLEY, Luton; AM CROWLEY, Cork; MJ CUBBAGE, Nottingham; ETJ CUGGY, Pitsea; CL CUMMINGS, Luton; REG CUMNER, Reading; A CUNNINGHAM, Wednesbury; JA CUNNINGHAM, London; SJ CUNNINGHAM, Northampton; AP CURRAN, Croydon; D CURRIE, Glasgow; MJ CUTHBERT, Cheltenham;

D

RC DALE, Newcastle; K DALGLEISH, Southampton; LE DANDO, Winchester; SH DANIEL, Colombo; A DAVE, Croydon; AM DAVIDSON, Manchester; KM DAVIDSON, Glasgow; LE DAVIDSON, Edinburgh; KC DAVIES, Slough; MR DAVIES, London; NS DAVIES, Manchester; SAR DAVIES, Sheffield; AP DAVIS, Leicester; PJ DAVIS, London; CE DAWES, Chelmsford; DJ DAY, London; ASJ DE FONSEKA, Colombo; DL DE SILVA, Colombo; MH DE SILVA, Colombo; SBR DE SILVA, Colombo; SH DE SILVA, Colombo; D DELO, Exeter; NC DENNING, Wednesbury; AK DENNY, London; JF DERNIE, Maidstone; H DERVIN, Derby; M DEVANEY, Stoke; RH DEVLIN, Belfast; MR DIBDIN, Southampton; DC DIMENT, Southampton; WJ DINSMORE, Belfast; MWJ DODD, Dundee; GV DODDS, Pitsea; PM DOE, Dunstable; CR DOEL, Reading; DM DONLON, Luton; A DONNELLY, Newcastle; DM DONOVAN, London; I DOUGAL-BIGGS, London; PW DOVER, Southampton; BJ DOWNIE, Aberdeen; LS DOYLE, Liverpool; CM DUBINSKI, Chelmsford; PD DUFFEY, Liverpool; GM DUGGAN, Leicester; SJ DURN, Bristol;

E

BT EADIE, Edinburgh; A EAGLES, Cambridge; IGS EASTWOOD, Liverpool; JA EASTWOOD, Reading; PF ECKERSLEY, Maidstone; C EDEN, Worthy Down; JH EDGE, Wednesbury; CM EDWARDS, Manchester; DC EDWARDS, Orpington; DS EDWARDS, Bristol; J EDWARDS, Birmingham; GJ EGAR, Wednesbury; S ELCOME, London; SW ELLEN, Peterborough; AM ELLIOTT, Kingston upon Thames; AR ELSON, Bristol; SJ EMMOTT, Wednesbury; ENG BEE CHONG, Kuala Lumpur; AJ ENGLISH, Cork; G ERNEST, Exeter; JW EVANS, Swindon; M EVANS, Southampton; MD EVANS, Luton; NR EVANS, Slough; PD EVANS, Worthy Down; TL EVANS, Wednesbury; LM EVERINGTON, Brighton (Hove); ME EVERITT, Wolverhampton; K EYYOUP, London;

F

RI FACEY, Southampton; KSA FAIRMAN, Battersea; JS FARMER, Watford; SM FAROOK, Colombo; A FARRELL, London; SM FAWKES, Cheltenham; AZ FAZEEL, Colombo; CM FEARON, Croydon; RS FEIGENBAUM, Johannesburg; SDV FERNANDO, Colombo; GS FINCH, Chelmsford; DT FINNIGAN, Newcastle; RJ FISHER, Wolverhampton; K FLANIGHAN, Newcastle; MI FLEETWOOD, Sheffield; TJ FLETCHER, London; JD FOLEY, Dublin; FONG HON MAN, Hong Kong; KE FORDHAM, London; LC FORRESTER, Brighton (Hove); SR FORRESTER, Edinburgh; K FORSYTHE, London; AC FOSTER, Southampton; BG FOULDS, Leicester; HJ FOX, Swindon; KR FOX, Croydon; MJ FOX, Norwich; MT FOY, London; MR FRANCE, Kingston upon Thames; G FRANCIS, Taunton; JN FRANCIS, Edinburgh; CW FRASER, Lerwick; SJ FREER, Nottingham; KI FRENCH, Wednesbury; AS FREW, Glasgow; DR FULTON, Kingston upon Thames; MA FURNISS, Northampton;

G

N GALLAGHER, Glasgow; TJ GALLAGHER, Dublin; PE GAMBLE, Southampton; R GAMBLE, London; GAN SWEE LENG, Kuala Lumpur; BE GANDER, Nottingham; RJ GARNER, Derby; CGP GARVAN, Cork; A GAULE, Swansea; D GAULE, Waterford; SM GEE, Manchester; AJ GEMMELL, London; J GHINN, Battersea; HS GIBBS, London; DG GIBSON, Kingston upon Thames; D GILBERT, Nottingham; SA GIRAGAMA, Colombo; JC GIRVEN, London; NP GLENNON, London; K GNANANAYAGAM, London; KP GOATER, Southampton; SD GOFFIN, Kingston upon Thames; GOH PHAIK KIM, Penang; SB GOODACRE, Barking; S GOODCHILD, Sheffield; TR GOPIKANNAN, Bombay; AR GORDON, Worthy Down; AM GOW, Watford; A GRAHAM, Dundee; HJ GRAHAM, Derby; SHT GRAHAM, Manchester; M GRANT, Northampton; MA Grant, Dundee; MJ GRANT, Cheltenham; OM GRANT, Leeds; PR GRANT, Belfast; AD GREASLEY, Derby; AD GREEN, Northampton; NM GREEN, Wolverhampton; KL GREGORY, Cardiff; PA GREGSON, Preston; CV GRIFFIN, Bristol; JE GRIFFIN, Swindon; CJ GRIFFITHS, Cambridge; SP GRIMSTON, London; JM GROVES, Kingston upon Thames; MS GRUNDY, Liverpool; HJ GUIJER, Johannesburg; ZE GUMPO, Harare; AK GUNARATNE, Colombo; APA GUNASEKERA, Colombo; N GUNATHILAKE, Colombo; PS GUNAWARDENE, Colombo; PM GUNAWARDHANA, Colombo; I GUPTA, Calcutta;

H

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The Chartered Institute of Management Accountants

63 Portland Place London W1N 4AB

Finance Director

European Operations

c£50,000 + car — North West or London

Part of a major international, £multi-billion food and drink corporation, this UK based division is the bridgehead of a significant commitment to grow European business. New manufacturing facilities are to be built in the North West following an initial acquisition, to supply a new concept in convenience foods through supermarket delicatessens in the UK and other European countries. Turnover is planned to initially reach £30 million in two years.

We seek a qualified accountant to work alongside the Managing Director and establish a dynamic financial framework which encourages soundly controlled growth, both organically and by acquisition. Financial business skills of a high order are required, particularly strategic and business planning and ideally with a European dimension. You will be totally conversant with developing computerised systems, preferably IBM based, and be an exceptional individual with an easy personal style yet able to set and deliver stretching goals.

Aged probably 35 to 45 and ACA or CIMA, you will have relevant senior management experience and be prepared to become deeply involved in the running of this company. Personal attributes must include independence, strength of purpose, enthusiasm and drive to achieve results. French and/or German language skills are desirable.

The package comprises a basic salary negotiable c£40,000 plus significant bonus, fully expensed executive car and other appropriate benefits, including relocation assistance.

Please write with full details, including salary – in confidence – to: David Mather, Reference 31070, MSL International (UK) Limited, Sovereign House, 12-18 Queen Street, Manchester M2 5HS.

MSL International

Finance Director

for small, dynamic engineering company

over £30,000 + car — North West

Our client, a successful and rapidly expanding £6 million turnover company with an enviable reputation for high quality, cost effective manufacturing, is a significantly profitable subsidiary of a large UK plc. Modern facilities and automated equipment reflect the investment and commitment to achieve a planned £10 million plus turnover through organic growth, with acquisitions a further possibility.

Reporting to the Managing Director, you will provide business flair and practical financial leadership to the closely knit and informal Board. Sound professional experience gained across both large and small companies must be complemented by initiative and well developed interpersonal skills to set and achieve further improvements within this progressive company.

Aged in your 30s or early 40s, you will be a qualified accountant, probably CIMA, with relevant senior financial experience in an engineering environment. You will have developed effective systems and financial controls, have operated to tight deadlines, and be familiar with providing proactive business data in support of strategic and business planning. This is an excellent career opportunity with significant potential for those seeking broader business exposure.

The package comprises a basic salary of £27,500 plus significant bonus, fully expensed company car and other appropriate benefits, including relocation assistance.

Please write with full details, including salary – in confidence – to: David Mather, Reference 31071, MSL International (UK) Limited, Sovereign House, 12-18 Queen Street, Manchester M2 5HS.

MSL International

Regional Administration Managers

... development opportunities for qualified Management Accountants

West Midlands, South East, Scotland, South West c£28,000 + car + bonus

Rapid growth resulting in reorganisation has created several opportunities within this large and well respected company operating in the service sector. With a turnover of c£60m and over 2000 employees, the group operates from 5 regions and 26 locations throughout the UK.

Reporting to the Regional General Manager, you'll be responsible for planning and implementing a complete regional accounting and administration system and also ensuring each location operates within group policy, maintaining its high standards of service and business contribution are also key responsibilities.

An ACMA, probably aged under 40 you will ideally have several years' experience in a successful multi-site service operation. In addition to excellent technical skills, you'll have a sound background, the ability to develop excellent working relationships at all levels, organisation and planning skills, and good commercial awareness.

The competitive salary is enhanced by a progressive bonus, fully expensed company car, private medical cover, relocation expenses where necessary, and opportunities to develop into more senior roles.

Please write with full career details, including present salary, to John Lilley, ref. 75513, MSL International (UK) Limited, 2/4 Clinton Terrace, Derby Road, Nottingham NG7 1LY.

MSL International

Credit Management

...various locations throughout England and Scotland

c£21,000 + car + bonus

Our client operates in the distribution service sector, with a large and fast growing volume of business. They are a well-known company with an excellent reputation for quality and service.

The control of credit is a key factor for continued success and profitability, your role will be to further develop the credit control systems and improve debtor performance for each branch in a multi-site operation with a high volume of transactions and accounts.

Aged 25-45 and qualified to MICM level you will have a successful record of maintaining low debtor levels in a fast moving environment. A sound knowledge of computerised control systems and credit management is required. The ability to motivate a number of branch credit teams to maintain high standards and achieve demanding targets is vital. A hands-on style, good communication skills, strong personal abilities combined with an enthusiastic and tough approach are all necessary.

The rewards for success are good with an attractive base salary and bonus plus fully financed car and a range of excellent benefits.

Please write, in confidence, with full career details to John Lilley, ref 75514, MSL International (UK) Limited, Clinton House, 2/4 Clinton Terrace, Derby Road, Nottingham NG7 1LY.

MSL International

V.P. Finance Entertainment

London

To £40,000 + Car + Bonus

WHP

Our client, a leading international entertainment organisation with a turnover approaching $400m, has expanded rapidly in recent years. A dynamic management team coupled with innovative marketing strategies has been effective in producing accelerated organic growth, leading to substantial business opportunities globally. The company culture is both competitive and highly entreprenurial.

Recent internal promotion has generated the need to strengthen the management team with the appointment of a Vice President Finance. Reporting directly to the Chief Financial Officer and managing a department of 20 staff, the appointee will be primarily responsible for the financial management of the company worldwide. This intellectually demanding role encompasses the provision of timely and accurate financial and management information, the development of existing systems, and an involvement in corporate planning.

This opportunity will appeal to a commercially orientated qualified accountant, aged 30-35, with prior experience in an FMCG environment. Some degree of international exposure is desirable though not essential. More important is the ability to exercise a measure of creative judgement, and liaise effectively at all levels.

The rewards include an attractive remuneration package together with fully expensed car and the opportunity to progress swiftly to senior management status.

For further information in strict confidence contact Brian Hamill on 01-287 6285 (evenings and weekends 01-627 4974). Alternatively forward a brief resumé to our London office quoting Ref: BH504.

WALKER HAMILL
Financial Recruitment Consultants
29-30 Kingly Street, London W1R 5LB
Tel: 01 287 6285
Fax: 01 287 6270

FINANCIAL CONTROLLER OXFORDSHIRE

The Williams Formula One Racing Team require a fully qualified and experienced Financial Controller, preferably with a previous involvement in Motor Sport.

This role demands a 'hands on' approach and the ability to respond rapidly within a demanding environment. The Controller will head a small and committed team of staff working closely with the Directors and General Manager.

Salary is negotiable circa £30,000 and the package includes a Company Car and other benefits.

Please respond with full C.V. to:

James McDougell
Williams Grand Prix Engineering Ltd
Basil Hill Road
Didcot, Oxon
OX11 7HW

Assistant Treasurer

Rapid Promotion Prospects

C. London — to £40,000+Car

Our client is a major British plc with turnover exceeding £2 billion. The Group manufactures high technology equipment for all the major industrial sectors, with extensive operations overseas.

Centralisation and strengthening of the financial management team has created an exciting treasury opportunity. The successful candidate will take overall responsibility for day to day UK treasury matters, more specifically you will identify and manage currency exposures working closely with Finance Managers at all the major operating units. You will develop the underlying systems and database and help to maintain effective relationships with financial institutions.

Aged 32-40, possibly a qualified accountant, you should have good technical knowledge gained in corporate treasury or banking: familiarity with the money markets is essential. Good interpersonal and communication skills, flexibility and resourcefulness are important attributes. It is hoped that the successful candidate will justify promotion to Group Treasurer, with a worldwide remit, within a year.

Interested candidates should write enclosing a comprehensive CV with daytime telephone number quoting Ref: 363 to Philip Rice, MA, FCMA, Whitehead Rice Ltd., 43 Welbeck Street, London W1M 7PG. Tel: 01-637 8736.

Whitehead Rice

MANAGEMENT SELECTION

IMC

TOP PROFESSIONAL OPPORTUNITIES

South Wales — *Highly competitive salary*

Perhaps the most exciting growth area of the UK is South Wales. Even the house market is still buoyant and the ever increasing investment both by British and foreign companies is giving rise to tremendous professional opportunities which can be coupled with a standard of living and a quality of life that are second to none in the UK.

Our client is a major international firm of Chartered Accountants that has maintained a unique profile throughout its highly successful history, is totally professional and offers real opportunities at a time of great change in the profession.

Due to rapid growth it needs four managers, three with an audit background and one in tax. All four will be currently at manager or senior manager level in a big eight firm who are seeking a really challenging opportunity to secure their futures in an exciting and dynamic environment and have the ability to become partners.

If you feel you can match our client's stringent requirements, please write to or telephone:
The Managing Director, IMC Executive Selection, 6/8 Albany Road, Cardiff CF2 3RP. Tel: 0222 486051
(Initial discussions will be held in London, Bristol or other convenient locations)

CONTROLLER – INTERNAL AUDIT ★ LONDON ★ C.£37K

REVIEW A 21ST CENTURY SUCCESS STORY

Having achieved the first optical fibre telecommunications network in London, Mercury Communications is offering 21st Century technology to domestic and commercial users today.

Our phenomenal growth can be measured by tenfold manpower increases over the past three years. This rapid expansion extends throughout every function of our business. And what's more, we have the backing of Cable and Wireless PLC – leaders in worldwide telecommunications services.

As Controller – Internal Audit, you now have the opportunity to plan and control audit activities, reviewing our financial and operational growth – present and future. This is a recently established position which gives you the opportunity to work with senior management to develop a high-quality audit service.

Your primary responsibility will be to plan, develop and document audit policies, strategies and procedures in response to line management needs. This demanding role will require you to manage the function in a commercially oriented, proactive way.

ACA qualified, your current post will be in Audit Management at a senior *level, within a major company,* preferably in the Service Sector. You should have had a minimum of three years overall responsibility for the audit function.

Ideally aged 30-35, you will have the technical expertise, including operational and computer audit expertise, and the personal qualities necessary to progress within this dynamic environment.

The function has an excellent history of developing future managers – this vacancy has been created by the very rapid promotion of the present incumbent. There is every opportunity for you to further your career in a line management role within our worldwide Group.

In addition to a salary of c£37K your immediate rewards will include a company car, BUPA, discretionary share options and relocation assistance as appropriate.

Write with full CV to: Geoff Harman, Personnel Manager, Mercury Communications Limited, 90 Long Acre, London WC2E 9NP. *Please quote reference number CH/09/2 on* envelope and letter.

Mercury COMMUNICATIONS

Financial Controller

£24,318-£31,117 plus car

The Housing Corporation is a progressive and expanding organisation, working with housing associations and others to provide homes for people in need.

Recent changes in housing legislation have signalled new financial responsibilities. We now have an outstanding opportunity for an ambitious, qualified accountant.

As Financial Controller you will assume responsibility for the operation of all accounting and control systems administering the Corporation's £1 billion annual programme of lending to and grant aiding housing associations. You will need a positive and dynamic approach to administer effectively highly complex computerised systems and lead the development of the next generation of systems. You should have strong planning, forecasting and evaluating skills as well as substantial experience in developing computerised systems.

Reporting to the Director of Finance, you will need excellent inter-personal skills, as you will be expected to manage a team of finance professionals located at the Corporation's headquarters finance division, and to liaise closely with the Corporation's nine regional offices which administer the day to day financial service to housing associations and operate the largely decentralised accounting and control systems.

The Housing Corporation is committed to fair housing policies. In our own organisation we are working towards equality of opportunity in all our selection, appointment and management procedures.

For further information please contact:
The Personnel Officer, Housing Corporation, 149 Tottenham Court Road, London W1P 0BN. Telephone: 01-388 9944 (24 hour ansaphone).

Please quote ref: B/JR/FIN/7.

THE HOUSING CORPORATION

Closing date: 29th September 1989.
Interview date: 13th October 1989.

GRADUATE RECRUITMENT

The Financial Times proposes to publish this survey on:

WEDNESDAY 1st NOVEMBER 1989

For a full editorial synopsis and advertisement details, please contact:

Louise Hunter
Appointments Advertisement Manager
01-873 4083

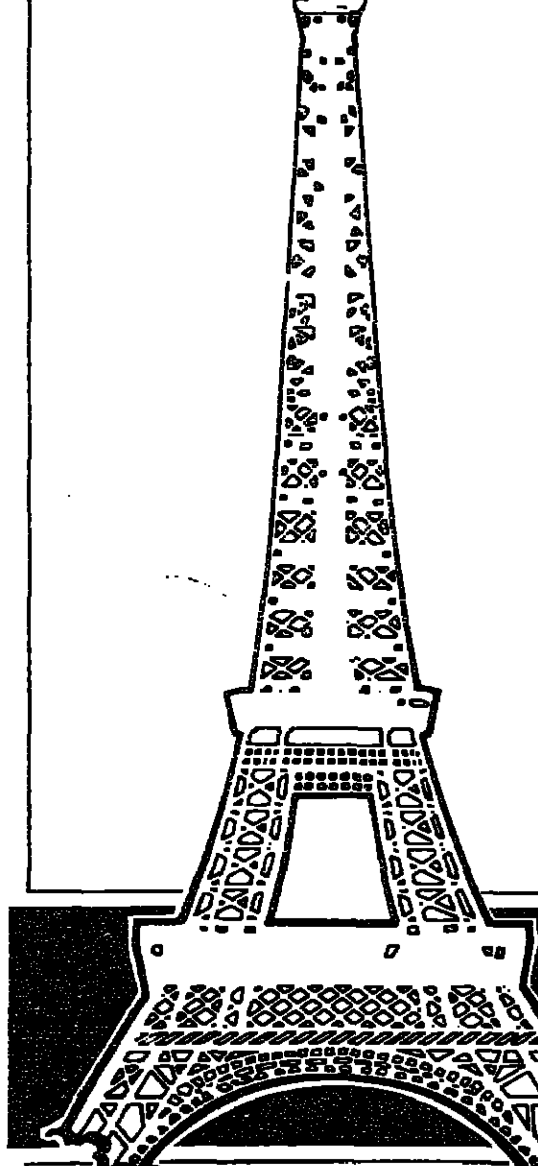
or write to her at:

Number One
Southwark Bridge
London
SE1 9HL

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

INTERNATIONAL APPOINTMENTS

CONTROLLER FRANCE



Location: Le Mesnil St Denis

Bausch & Lomb is a $1 Billion US Fortune 500 Company with an exceptional growth record. The Company manufactures and markets a wide range of optical and health care products including contact lenses and Ray-Ban sunglasses.

The French subsidiary is one of the largest companies in the *European region of Bausch & Lomb's International Division*, located outside Paris near Versailles. Due to an internal promotion a vacancy exists for a legal entity controller reporting to the General Manager for all aspects of finance and accounting. Applicants are expected to be Chartered Accountants or hold a similar professional qualification, to be university graduates and fluent in French. Experience with a multinational corporation will be a plus. The importance of this position will be reflected in an attractive compensation package which will include, if necessary, relocation expenses.

We will look for people management skills, strong communication ability and computer literacy. Furthermore, a demonstrable commercial awareness is necessary to continue the traditional close business support given to the GM.

Applications should be made initially in writing, accompanied by a CV to: Barbara J. Przyslo, Human Resourses Director, Bausch & Lomb Inc., Drapers Court, Kingston Hall Road, Surrey KT1 2AG.

BAUSCH & LOMB
Healthcare and Optics worldwide

NEWLY QUALIFIED RESULTS

Thursday 7th September

Chartered Institute of Management Accountants

Thursday 28th September

Institute of Chartered Accountants

The advertising rate is £49.00 per single column centimetre, with premium positions available by arrangement at £59.00 per single column centimetre.

Guide to Recruitment Consultants

£70.00 per insertion which includes company name, address and telephone number. Additional information information at £14.50 per line.

For further information please contact

Paul Maraviglia
on
01-873 4676

or your usual Financial Times representative.

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

Financial Director

DESIGNATE

West London **from £30,000 + Car**

Our client is the subsidiary of Europe's largest manufacturer of automotive batteries. In the UK it is an importing, warehousing and distribution business.

Reporting to the Managing Director, the new Finance Director (designate) will advise the Board on financial planning and control, will manage the company secretarial, accounting, stock control, warehousing and distribution functions, and review existing systems, computerising where appropriate.

Candidates should hold a recognised accounting qualification and have experience of financial management, preferably in manufacturing or distribution industry. They must be well versed in the preparation and interpretation of financial and management accounts, cash and credit control and the use of computers, particularly PC's.

The remuneration package will include a car and other attractive benefits.

Please write or telephone for written background information and/or informal discussion, quoting Ref. Number 451 to:- Peter Nielsen at the address below.

MKA EXECUTIVE SEARCH AND SELECTION LIMITED
MKA House King Street
Maidenhead Berks SL6 1EF
Telephone: (0628) 75956 Fax: (0628) 770065

MKA

Maidenhead, London, Worcester

Financial Accountant

W. London **c. £27,500 + Car + Benefits**

A leading force in a fast-moving industry, this £multi-million international media group is involved in film, video, satellite and global distribution services. Now, as they enter a significant phase in their development, it's an *exciting time for talented people to make an individual impact.*

They seek an ambitious, qualified accountant, with real personality and drive to manage and motivate personnel. Reporting directly to the Chief Accountant, you will supervise a team producing Group Accounts in a multi-currency environment. Reponsible for monthly reporting to Board level, you will also be closely involved in the enhancement of computer systems.

Sheer enthusiasm and obvious management potential will be more important than specific commercial experience. Benefits include 5 weeks holiday, pension, life assurance and share option scheme.

Write, with full CV and daytime telephone number, to Patrick Donnelly, quoting reference FT/050.

PD Consultants

MANAGEMENT · SELECTION
314/316 Vauxhall Bridge Road, London SW1V 1AA. Tel: 01-828 2273

FINANCIAL CONTROLLER

WEST-END OF LONDON

£26-£29,000 + CAR

PUBLIC RELATIONS subsidiary of a major advertising group have enjoyed a tremendous period of growth in the last two years with every indication that this will continue. They operate throughout Europe with London as Head Office, employing a small team of professionals to control and develop all areas of group activity.

A recent round of promotions has led to the need to recruit a young accountant with the flair to succeed in a 'people' orientated business. The position will involve taking responsibility for accounting operations in a number of countries. It has a small element of information gathering and processing but prime tasks will be to plan and monitor business performance, extend utilisation of p.c's/spreadsheets and assist management in meeting corporate objectives and reporting requirements.

Candidates should have qualified in the last three years and whilst a service company background would be useful personality and communication skills are equally important. Promotional prospects are excellent both in-house and throughout the parent company's operations.

Please contact Neil J Hinwood on 01-629 8863, fax 01-408 0961 or write to him at the address below.

BOND ACCOUNTANCY

RECRUITMENT CONSULTANTS
BOND HOUSE, 19-20 WOODSTOCK ST, LONDON W1R 1HF Tel: 01-629 8863

MANUFACTURING ACCOUNTING MANAGER

A BUSINESS MANAGEMENT ROLE REQUIRING STRONG, CREATIVE MANUFACTURING ACCOUNTING EXPERTISE.
MIDLANDS · CIRCA £22,500 PLUS CAR

This is a newly created opportunity with a leading manufacturer for the automotive industry. The Company, part of a major international group, is entering a phase of significant product and business development and this appointment is crucial to the achievement of exciting business objectives.

Managing a small team, the role demands a clear understanding of the latest manufacturing systems including JIT, and the ability to generate innovative solutions to meet accounting requirements. Candidates, aged 28-32 years will be ACMA qualified with substantial experience gained in a complex fast moving manufacturing environment. Additional pre-requisites for this position are high enthusiasm and motivation, persuasive and leadership skills and a creative, hands-on approach to a wide variety of business needs. Career prospects are excellent and the remuneration package includes generous benefits.

Interested applicants (male or female) should send a detailed CV or ring for an application form on 0625 533364 (24 hours) quoting reference 1583/FT.

HUMAN RESOURCE CONSULTANTS

Emerson Court, Alderley Road, Wilmslow, Cheshire SK9 1NX. Telephone (0625) 532446

Operating throughout Europe

WICKLAND WESTCOTT
A CRESTA HOLDINGS COMPANY

Appointments Advertising

For further information

call 01-873 3000
Deirdre McCarthy ext 4177

Legal Appointments Advertising
Appears every Monday
For further information call
Candida Raymond ext 3351

EDP Auditors

Middle East, Tax-Free Salaries

A middle-eastern bank is seeking two experienced EDP auditors, preferably from the banking sector, to strengthen its Internal Audit Department and to contribute to the development of the EDP audit function as major new computer systems are implemented.

EDP AUDIT MANAGER (REF JA30)

- with a minimum of seven years' EDP experience with at least three years in a senior capacity;
- a professional accountancy qualification;
- a working knowledge of IBM mainframe and data security software, Adabas database management software and related products;
- a minimum of five years' experience in the banking industry;
- experience of reviewing the design and implementation of mainframe systems;
- developed EDP audit applications such as interrogation packages;
- fluency in Arabic (preferable but not essential).

EDP AUDITOR (REF JA31)

- with a minimum of four years' EDP experience;
- a working knowledge of IBM mainframe systems and data security software;
- a minimum of three years' experience in the banking industry;
- fluency in Arabic;
- preferably a professional accounting qualification.

The attractive salaries and family status benefits commensurate with qualifications and experience will be of interest to candidates already holding similar positions.

Interested candidates are invited to submit their application, quoting appropriate reference to: **Executive Recruitment Services, P.O. Box 140, Manama, Bahrain. For the attention of Mr John Allen.**

Ernst & Young

Audit Manager

Wimbledon Based c. £35,000 + Car + Benefits

Our client is one of the world's largest diversified Oilfield Services, Engineering and Construction companies. Due to an internal promotion, a position has arisen for an Audit Manager to take over and develop the Internal Audit function within the Group.

Reporting to the US based Director of Internal Audit, you and your team of six professionals will be responsible for all audit activities of group companies operating in the UK, Europe, Africa and the Middle East. Using the latest lap-top PC's the majority of audits performed are primarily financial and procedural, however, the Audit Group is often engaged in non-audit assignments.

As a qualified accountant, you should have experience of audit management and US and international accounting procedures, preferably gained within one of the major accountancy firms.

This is an excellent opportunity for an ambitious individual to move into a more commercial environment with excellent prospects to develop further within the Group.

For more information, call Andrew Wilkinson on 01-636 4756 today or tomorrow until 7.00pm. Alternatively, send your CV to us at MDK, 178-202 Great Portland Street, London W1N 6JJ.

MOXON·DOLPHIN·KERBY
EXECUTIVE SEARCH & SELECTION

Management Accountant

c£20,675p.a. *London SE5*

Working in 50 countries and on over 100 projects in the UK. the Save the Children Fund is Britain's largest international children's charity: income has grown from £6 million 10 years ago, to £35 million and 950 people are employed in the UK and overseas.

Handling the accounting and information needs of the organisation worldwide is a team of 30 full-time staff. Following a recent reorganisation of the Finance Department a Management Accounts Section was established to respond to the developing needs of the Fund. This post heads the newly formed section and reports to the Finance Director.

With a team of three, you will be responsible for budgetary control across the Fund assisting in establishing budgets, challenging their appropriateness and measuring performance through the year.

Additional responsibilities will include the production of management reports and assisting in the preparation of the annual accounts. Also, as micro computers are used extensively, the development of new programmes is crucial to our performance.

Qualified or part-qualified (ACCA, ACMA or equivalent) with four years' relevant experience, you should be a diplomatic team leader with excellent communication skills. Micro-computer experience, particularly spread sheet design, is also essential.

Although Camberwell based, some UK travel is likely.

For further details and an application form, please contact: Leonie Lonton, Personnel Manager, SCF, 17 Grove Lane, London SE5 8RD. Tel: 01-703 5400.

Closing date: 28th September 1989.

SCF aims to be an equal opportunities employer.

Save the Children

NMB BANK

Energy/Project Finance

NMB Bank is expanding its commitment to servicing the energy and project finance requirements of its client base. An opportunity has been created for an experienced banker to join the early development of this business in the Trade and Project Finance Department of the London branch as part of a coordinated expansion within the global network.

Following sound general banking or industry training, you will have achieved a minimum of 3 years relevant experience gained either in the energy and/or project finance department of a successful institution, or corporate. In-depth experience among one or several of the oil/gas or mining sectors is particularly relevant.

The small team working environment encourages a spirited approach, while personal achievement is recognised within a developing organisation. The post calls for all-round capability, with an emphasis on sound project analysis, modelling and credit writing skills.

Salary and benefits will fully recompense individual capacity and reflect the value placed by the bank on this developing area of its business.

Applications, including CV and current remuneration to:
Mrs. Janice Wilson, NMB Bank, 2 Copthall Avenue, London EC2R 7BD.

ASA International

Acquisitions Accountant

North or West London **Package c£25,000 + car**

Our client is a holding and management company, based in a riverside office in Wandsworth which was formed in 1987 with the specific intention of acquiring a number of small/medium sized industrial companies with a view to obtaining a quotation. The group now has eight operating subsidiaries and is actively investigating a further series of acquisitions.

The small management team wishes to appoint a young self-motivated ACA (or ACMA) to work closely with the Financial Director and Group Chief Accountant in the following areas.

- Investigation of potential acquisitions
- Negotiation of purchase agreements
- Review systems and resources of recent acquisitions
- Establish reporting requirements of new subsidiaries
- Assist in ad hoc requirements of the management team

The position offers an excellent opportunity to join the group during an exciting expansionary phase.

The ideal person will be recently qualified from a major public practice firm with a strong academic record and considerable experience of IBM PC's and Lotus 123. A science background and an interest in industry would be an advantage. Salary is negotiable and includes a fully expensed car.

For further details contact Charles Cotton, ASA International on 01 353 1244 or write with CV to: ASA International, Ludgate House, 107-111 Fleet Street, London EC4A 2AB.

ASA International ASA INTERNATIONAL

Financial Controller

Circa £25,000 + car *Carlisle*

Our client provides an extremely successful wholesale and distribution service which is dependent upon high levels of customer service coupled with strong financial controls. Their rapid expansion has led to the creation of several autonomous operating units each with a turnover of several millions. To manage and control this phase of development the opportunity has arisen for a commercially minded Financial Controller to play an active part in the management of our multi-site operations based out of Carlisle.

Working closely with the Managing Director and General Managers, the "hands on" nature of this position will necessitate a thorough involvement in all aspects of the business, together with the development and application of strict financial controls.

You will be a self starter with a positive attitude, have had experience in a distribution or retail environment and preferably worked at an operational level within the disciplines of a large Group of Companies.

In return you will receive a competitive salary and a wide range of company benefits including a company car and relocation expenses where appropriate.

Please send details of personal history and work experience to date to the Confidential Reply Service, Ref. LS345, Austin Knight Advertising UK Limited, Tricorn House, 51-53 Hagley Road, Edgbaston, Birmingham B16 8TP.

Applications are forwarded to the client concerned, therefore companies in which you are not interested should be listed in a covering letter to the Confidential Reply Supervisor.

Austin Knight Advertising

Newly Qualified CIMA

MANAGEMENT ACCT

£24,500

Central London

Travel division of this major financial services group seeks a young, ambitious, newly qualified CIMA to strengthen their finance team. Becoming involved in monitoring performance and productivity and analysing statistical trends, you will make a significant contribution to decision making and forward planning for the operation. As the number two within a team of ten, you will assist with staff recruitment, training and individual professional development.

Aged 24-28, you should have experience of management reporting and financial analysis. Moreover you should possess the requisite motivation and drive to succeed within this rapidly growing and ever changing environment.

Excellent career opportunities within the Group.

Please apply directly to Penny Ridgett at Robert Half, Freepost, Walter House, Bedford Street, 418 The Strand, London WC2R 0BR. Telephone: 01-836 3545, or evenings on 01-853 4009. Alternatively, fax your details on 01-836 4942.

Financial Recruitment Specialists
London · Birmingham · Windsor · Manchester · Bristol · Leeds

ROBERT HALF

Finance Manager

Isleworth **£27,500 + car**

Market leader in communications field, with £50m T/O enjoying accelerated growth, organically and by acquisition, seeks deputy to Financial Controller, with responsibility for all accounting staff during period of integration and change, including improved computer systems.

Candidates must be qualified accountants in their twenties (from commerce or practice) who can manage people, cope with IT development, apply discipline to accounting and analytical work and make a broader commercial contribution to management information.

For fuller details write in confidence to J Courtis at JC&P, 104 Marylebone Lane, London W1M 5FU, demonstrating your relevance clearly and quoting 7218/FT.

John Courtis & Partners
Search and Selection

YOUNG ACCOUNTANTS

The next step from qualifying

LONDON **c.£23,000 + CAR**

The ACA is behind you – what now?

If you have decided that your future career path lies in a dynamic commercial environment, perhaps we can help.

Our client needs a recently qualified ACA, to become part of a small team involved in negotiating financial packages with a range of blue chip corporate clients.

You will be given early responsibility for important aspects of the negotiation and will need the energy and enthusiasm to meet seemingly impossible deadlines.

You must also have the personal qualities to work at a very senior level.

The position is the springboard to a wide range of career paths within this major Group and will also carry an attractive benefits package with a fully expensed car.

Applicants of either sex should telephone for an application form or send a full CV quoting Ref: 1233 to Mike Bennett, Director, Hales & Hindmarsh Associates Ltd., 34A Jewry Street, Winchester, Hampshire SO23 8RY. Tel: (0962) 841851, Fax: (0962) 840436.

H&H Hales&Hindmarsh
CONSULTANCY · SEARCH · SELECTION

CONTRACTS & TENDERS

REPUBLIQUE DU ZAIRE
DEPARTEMENT DU COMMERCE EXTERIEUR

AVIS D'APPEL D'OFFRES

SOCIETE NATIONALE DE TRADING SONATRAD

APPEL D'OFFRES INTERNATIONAL N° DCO/DCA/T.085/88 POUR LA FOURNITURE DE:

Lot 1 : Equipements de menuiserie
Lot 2 : Outillage de dépôt diesel
Lot 3 : 400 boites à rouleaux

OBJET
La Société Nationale de Trading - SONATRAD - met en adjudication publique la fourniture des équipements de menuiserie, outillage de dépot diesel et 400 boites à rouleaux, destinés à l'Office National de Transport (ONATRA).
Ce dernier a demandé à l'IDA (International Développement Association) un crédit en vue de financer ce 1er Projet de Réhabilitation du Secteur des Transports au Zaïre (VOLET) crédit 1180 Zr.
Les sommes accordées au titre de ce crédit seront utilisées notamment pour effectuer les paiements autorisés dans le cadre du marché pour lequel le présent appel d'offres est lancé.

2. DESCRIPTION DES FOURNITURES.-
Lot 1 : Equipements de menuiserie:
- 1 raboteur de 500 mm
- 1 dégauchisseuse allerdoise de 500 mm
- 1 scie circulaire à table type b.s.h.
- 1 mortaiseuse à mèche type d.a.c.
- 1 toupie type a.f.b.
Lot 2 : Outillage de dépot diesel
Lot 3 : 400 boites à rouleaux
Le marché compte 3 lots distincts.
Le soumissionnaire est libre d'offrir pour l'un ou l'autre lot ou la totalité.

3. RETRAIT DU DOSSIER D'APPEL D'OFFRES.-
Le dossier complet d'appel d'offres peut être obtenu contre remise d'un chèque barré d'un montant de 150.000 Zaires ou 15.000 Francs Belges à partir du 21.07.89 aux adresses suivantes:

1 SOCIETE NATIONALE DE TRADING - "SONATRAD"
Building C.C.I.Z. 22ème Niveau
B.P. 15.711 - Kinshasa/I
Téléphone 30.592 - 30.598 - 32.304
Télex 21 634
Téléfax 30.592
République du Zaïre

2 SOCIETE NATIONALE DE TRADING - "SONATRAD"
Agence de Bruxelles
15, rue de la Loi, Boîte 052.
B-1040 Bruxelles
Téléphone : 02/230.37.97
Télex : 26.444
Téléfax : 02/230.47.62

3 SOCIETE NATIONALE DE TRADING - "SONATRAD"
Agence de Lubumbashi
B.P. 1573
Téléphone : 22.53.71 - 22.52.49
République du Zaïre

4. PARTICIPATION
La participation à la concurrence est ouverte à égalité de conditions à tout fournisseur ressortissant des pays membres de la BIRD y compris la Suisse, Taiwan, et Chine.

5. REMISE ET OUVERTURE DES OFFRES.-
Les offres seront remises sous double enveloppe cachetée, par envoi postal recommandé ou par porteur contre accusé de réception à :

SOCIETE NATIONALE DE TRADING - "Sonatrad"
Building C.C.I.Z. 22e Niveau
B.P. 15.711 - Kinshasa/I
Téléphone 30.592 - 30.598 - 32.304
Telex 21.634.
République du Zaïre.-

Avant le 18/10/89 à 10 heures locales, date et heure auxquelles il sera procédé à l'ouverture des offres dans la salle de réunion du 22e Niveau Building C.C.I.Z.

REPUBLIQUE DU ZAIRE
DEPARTEMENT DU COMMERCE EXTERIEUR

SOCIETE NATIONALE DE TRADING "SONATRAD"

APPEL D'OFFRES INTERNATIONAL No DCO/DCA/SN/123/89 POUR LA FOURNITURE DE PIECES DE RECHANGE POUR LOCOMOTIVES.-

1. OBJET
La Société Nationale de Trading - SONATRAD - met en adjudication publique la fourniture de pièces de rechange pour locomotives électriques et diesel destinées à la Société Nationale des Chemins de Fer Zaïrois (S.N.C.Z.).

Cette dernière a demandé à la BAD (Banque Africaine de Développement) un prêt en vue de financer une partie des investissements inscrits dans le troisième Projet Ferroviaire de la Réhabilitation de la SNCZ qui s'étend de 1989 à 1992.

Les sommes accordées au titre de ce prêt seront utilisées notamment pour effectuer les paiements autorisés dans le cadre du marché pour lequel le présent appel d'offres est lancé.

2. DESCRIPTION DES FOURNITURES.-
Le présent appel d'offres porte sur la fourniture CIF frontière Zaïroise (cf. Matadi ou cf. Sakania par Boma ou Dar-es-Salaam) de pièces de rechange pour:

Section 1 : locomotives diesel 1200 (Hitachi, Moteur Cumins) et 1260 (Hitachi, Moteur CMI)
Section 2 : locomotives électriques 2400 (Acec), 2500 et 2600 (Hitachi).
Section 3 : locomotives diesel 500 (HENSCHEL).
Section 4 : locomotives diesel 1160 (CMI)
Section 5 : locomotives diesel 1300 et 1400 (General Electric)
Section 6 : locomotives électriques 2700 (ACEC - Alsthom)
Section 7 : locomotives diesel 1050 (CMI)

Ces sept sections forment un ensemble indivisible.
Le soumissionnaire doit fournir obligatoirement au moins 95% en quantités de la totalité des pièces requises par le dossier d'appel d'offres.

3. RETRAIT DU DOSSIER D'APPEL D'OFFRES
Le dossier complet d'appel d'offres peut être obtenu contre remise d'un chèque barré d'un montant de 150.000 Zaires ou 15.000 Francs Belges, à partir du 15 juillet 1989 aux adresses suivantes :

1. SOCIETE NATIONALE DE TRADING - "SONATRAD"
Building C.C.I.Z. - 22e Niveau
B.P. 15.711 Kinshasa/I
Téléphone : 30.592 - 30.598 - 32.304 Télex 21.634 Téléfax : 30.592
République du Zaïre

2. SOCIETE NATIONALE DE TRADING "SONATRAD"
Agence de Bruxelles
15, rue de la Loi, Boîte 052b-1040 Bruxelles
Téléphone : 02/230.37.97
Télex 26.444
Téléfax : 02/230.47.62

3. SOCIETE NATIONALE DE TRADING - "SONATRAD"
Agence de Lubumbashi
225, avenue Mari
B.P. 1573 Lubumbashi
Téléphone : 22.53.71 - 22.52.49
République du Zaïre

4. PARTICIPATION
La participation à la concurrence est ouverte à égalité de conditions à tout fournisseur ressortissant des pays membres de la BAD et des pays participants au FAD.

5. REMISE ET OUVERTURE DES OFFRES
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NOTICE TO SHIPPERS AND CONSIGNEES
CURRENCY ADJUSTMENT

The member lines of the above conferences operating services between the United Kingdom, Northern Ireland and the Republic of Ireland and Canadian Maritime, St. Lawrence River and Great Lakes Ports wish to advise shippers and consignees that for the period 1st October 1989 to 31st December 1989 the following Currency Adjustment Factor will apply.

Westbound:-
Ocean Rates as published
I.E. Service 1, 2 and 3 rates
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0.48 per cent surcharge

Eastbound:-
Ocean Rates as published
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All other rates i.e. : Door/Door, Door/Terminal
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England.
September 1989.

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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

COMMODITIES AND AGRICULTURE

India to step up sugar purchases

By K.K. Sharma in New Delhi

THE INDIAN Government has decided to import at least 500,000 tonnes of sugar this year, at a cost of about Rs5bn (£195m), to ease a supply shortage which has brought about a sharp rise in domestic prices.

The decision means that India's foreign exchange reserves, which are already down to less than two months of total imports, will be depleted further. And it will negate the savings that were expected from the sharp cut in cooking oil imports this year following substantially higher production of oilseeds.

Apart from foodgrain, the two most sensitive agricultural-based commodities in India are cooking oil and sugar, because of their widespread consumption. Sugar is of special importance in the next couple of months because demand for it increases when Hindus celebrate a number of religious festivals.

The Government has been watching the rise in domestic sugar prices in recent weeks with considerable anxiety and feels this is mostly the result of speculation by traders following a fall in sugar production this year. The decision to make the imports is meant to be a signal to the traders so that they stop hoarding in anticipation of a further rise in prices.

Sugar production was expected to be about 10m tonnes this year but has fallen short of the target by nearly 1m tonnes because of the shortage of sugarcane. Officials believe there has been widespread diversion of acreage usually devoted to cane to other crops such as grain and oilseeds.

Domestic demand for sugar is estimated at 10m tonnes this year and representatives of the sugar industry say this could have been met without imports by using stocks of just over 2m tonnes built up last year. However, this has been prevented by speculative buying by traders.

Officials say that considerable quantities of sugar have also been smuggled to Nepal and other neighbouring countries where the commodity fetches a higher price.

Sugar industry representatives expect the domestic shortage to be overcome by next year. The good monsoon this year should result in higher cane production so that sugar production could exceed 2m tonnes in the next six months.

Tea producers agree to boost domestic supplies

INDIAN TEA producers, under threat of government intervention, have agreed to supply up to 15m kg of tea at a fixed price of 40 rupees (£1.56) a kilogram to help curb rising domestic prices, reports Reuter from Coonoor.

Mr R.N. Deogun, chairman of the Indian Tea Association, made the offer at a tea seminar here. "We the producers have decided to take necessary steps to maximise offerings in the tea auctions in all centres during the ensuing months. This should assist in stabilising the prices," he announced.

"It is our intention that tea should be retailed at around Rs40 per kilogram."

Mr Deogun said separate auctions would be held for domestic and export purchases to ensure a balance between supplies.

Tea prices shot up in the domestic market to 45 rupees a kilogram from 35 last month after bad weather hit the Indian crop.

On Tuesday the Government warned that it would intervene if domestic price rises continued, saying prices appeared higher than called for by the drop in domestic supply. However, producers have denied allegations of profiteering.

India's tea production in the first seven months of 1989 was 232m kg compared with 256m in the same period last year.

India will not import tea to meet demand in the domestic market, said Mr Dinesh Singh, the Commerce Minister.

However, India would consider allowing imports of tea that would be blended and re-exported as Indian brands, he added.

"Exports are very important for India. I would rather ask Indians to forego tea than to lose markets abroad," Mr Singh told a national tea seminar at this plantation hill resort.

India's tea output in the first seven months of 1989 fell to 232m kg from 256m in 1988.

India, the world's largest tea producer and exporter, enjoyed a record harvest of 701m kg in 1988, up from 674m the previous year. It sold sold 222m kg on international markets in 1988, up from 209.2m kg in 1987.

"In exports, the performance of the industry is satisfactory, but the lack of growth in production raises concerns about our ability to step up exports in future," Mr Singh said.

Planters and exporters anticipate a shortfall in world supplies this year because of reduced tea crops in India, Sri Lanka, China, Indonesia and Africa.

Metal exchange 'must blow its own trumpet'

Kenneth Gooding talks to David King, who takes over next year as the LME's chief executive

THE LONDON Metal Exchange needs to raise its profile and to blow its own trumpet more loudly, according to Mr David King, whose appointment as the LME's next chief executive was announced recently.

"I perceive the LME as a silent giant. It plays a much bigger role in the UK and overseas economies than is widely realised," he says. Then he lists some of the important, but little-appreciated facts.

Last year the LME's invisible earnings were £75m — more than any other UK exchange — according to Bank of England statistics.

About 97 per cent of the LME's business comes from overseas. About 85 per cent of the clearing members have non-British parents.

"The LME's share (by weight) of world terminal market trade in non-ferrous metals is 80 per cent of all the copper, 99.9 per cent of the aluminium and 100 per cent of the lead, nickel and zinc. "And in time we will have the lion's share of the tin market," Mr King says with confidence.

About 70 per cent of world copper trade is based on LME prices.

"There is no comparable market and we must make sure the regulators know why it is important that the LME retains its uniqueness," Mr King insists.

That uniqueness is currently under threat.

To some extent the LME board saw what was coming. Well before Mr King was recruited as the LME's director of finance and administration in September 1987 the directors realised that the exchange was facing a major challenge from legislation and regulation.

That is why Mr King, now 44, was selected. He is a chartered accountant and an MBA (Master of Business Administration) with experience of a wide variety of commercial activities, including a six-year spell with petro-chemicals companies in the Middle East.

David King: Sees a threat to the market's uniqueness in a "global enmeshment of regulation"

What he lacked completely at the time he joined the LME was experience of metals trading and he admits he still has much to learn. He will take over next year from Mr Michael Brown, who had spent most of his working life as a trader before becoming the LME's chief executive.

So Mr King's appointment is a clear indication of how the LME board views its future priorities.

The exchange has recovered from the potentially lethal blow it suffered in 1985 when the International Tin Council's price support scheme collapsed with debts of about £900m. The brunt was borne by the LME, which at one point was almost overwhelmed by the default. There were some bankruptcies and other departures from the exchange, which reduced the ring dealing membership from 28 to 21.

Today, according to Mr King, the LME's standing has never been higher and this is reflected by the fact that more metals producers and consumers are becoming members. This success stems from the way the LME has "fine-tuned its contracts to reflect the needs of the users of the market. They know we are receptive to their concerns."

The LME is also taking steps to protect its position against, for example, possible threats from any Japanese or West German metals exchange which might be set up and from competition from Comex (the New York Commodity Exchange).

These measures include an expansion of LME listed warehouses across the globe — new ones recently opened in Japan and there are plans for the US; increasing overseas membership of the exchange; and careful attention to its contracts.

All this was achieved while the LME had was steering its way through the changes enforced by the UK Financial Services Act to become a Recognised Investment Exchange. It also introduced a new clearing system.

Now it is tackling new regulatory difficulties, the prime example of which is the effort it is making to win permanent exemption for some members from some of the terms of a regulatory agreement reached in May between the US Commodity Futures Trading Commission (CFTC) and the UK Securities and Investments Board (SIB).

At issue is the CFTC's insistence that the LME traders segregate the funds of US clients or stop doing business in the States. Segregation, compulsory in the US and used on some UK exchanges, involves the separation of positions and client money from the trader's own account.

The CFTC says this is necessary to protect customers from a possible default or from other financial problems a broker might run into.

The CFTC is also concerned that, in the unique LME clearing system, profits or losses are not realised until the prompt or settlement date of physical metals contracts. Most trading on futures exchanges is "cash cleared" so that profits are paid daily and margins called to cover contract losses.

LME traders often grant credit to big trade clients, such as mining companies, allowing them to cover losses on forward contracts until settlement. The traders say they could face financial hardships if forced every day to set aside cash in a separate account to cover unrealised profits on forward contracts held by US clients.

Mr King points out that last year only 16 per cent of the 7.6m "lots" worth £5.6tn traded on the LME came from the US. But the possible financial impact of segregation and cash clearing would be much greater than the percentage indicates because it would be felt across the whole of a trader's business by driving up costs.

He adds: "The LME is for hedging, not speculation. The market is credit-driven and not much cash changes hands."

Significantly, at meetings between the LME and the US regulators, more than 60 per cent of the US copper and aluminium consumers supported the UK exchange and complained that there would be substantial additions to their costs if segregation was imposed on the LME.

UK traders suggest the LME might lose business in two ways if costs are increased by segregation: by trade being driven off-shore to other metal exchanges; or into the "grey" or unofficial market.

The CFTC recently gave another extension of its deadline, taking it to the middle of November. Mr King says the LME continues to work with the CFTC and the UK Association of Futures Brokers and Dealers (AFBD) to reach an accommodation on segregation. "I am mildly optimistic about the outcome," he says.

Relationships with the UK regulators are "excellent," he claims. "They now know far more about what we are all about and we understand the position they are in. They have to impose legislation not appropriate to our (the LME's) market.

"We are more akin to the foreign exchange and bullion markets which are not regulated by the Financial Services Act but by the Bank of England."

Looking ahead, Mr King says the LME is keeping a careful eye on the way new information technology is changing the operation of other exchanges. "Because there is no particular urgency for us to change we can learn from others about the introduction of information technology. But we must keep our finger on the pulse of this change."

The LME will shortly enhance the existing services that disseminate its prices around the world. And it is looking at the possibility of introducing contracts for more metals.

However, Mr King says: "Regulation is the top priority for the LME at the moment. A global enmeshment of regulation is evolving — from the UK, the US, the European Commission and Japan. It is essential for the LME to find an accommodation in this global system so that, as far as possible, it can maintain its current method of operation."

More attacks keep copper mine closed

By Chris Sherwell in Sydney

SHARES IN Bougainville Copper, the Papua New Guinea mine hit by sabotage, plunged on the Australian stock exchange yesterday after further attacks overnight made a quick resumption of production impossible.

The mine re-started on Tuesday morning for the first time in 113 days, but was shut down nine hours later after gunshots were fired at a bus carrying mine employees. In a further reverse early yesterday morning, explosives toppled a pylon carrying power to the mine and damaged another.

The attack means the mine cannot resume production for about a week even if CRA, the Australian group that owns 53 per cent of the company, and the Port Moresby Government want it to. According to reports from Port Moresby last night, work to repair the pylons was interrupted by further gunshots which forced workers to take cover.

The campaign of sabotage goes back to last November, and is blamed on a small but militant band of disaffected landowners who have been demanding the mine's closure.

Their latest attacks have badly undermined the Government's claim that security on the island is adequate, and Mr Palas Wingti, leader of the opposition, yesterday heaped derision on Prime Minister Mr Rabbie Namaliu, who admitted his disappointment at the latest developments.

In a statement yesterday, Bougainville Copper said any resumption of operations "would be entirely dependent on considerations of employee security." It said emergency power was operating at the site after Pylon No. 6 was toppled at 3am. It said Pylon No. 7 was hit at 3.20am, but was still standing.

Reports from Port Moresby said government security forces had responded to the attacks with their own assault on a village near the mine. Parliament is meanwhile debating an extension of the state of emergency on the island, which expires later this month.

● Fresh talks aimed at settling the two-month-long strike at the Highland Valley Copper Partnership's big Logan Lake mine in southern British Columbia have been adjourned.

Following a marathon bargaining session with the United Steelworkers of America Mr Rod Killough, the company negotiator said that union and management remained "some considerable distance apart" on wage and other issues.

He said both sides had agreed on the need for independent mediation and would probably meet the mediator tomorrow or at the weekend.

Talks had resumed on Tuesday, when the management met union negotiators to discuss a demand for a pay increase of more than 20 per cent over two years.

Galvanising demand 'will keep zinc price high'

By Kenneth Gooding, Mining Correspondent

DEMAND FROM the galvanised steel industry will keep the price of zinc at relatively high levels into the early 1990s, according to a study by Mr Neil Buxton, an analyst in the London-based mining team of Shearson Lehman Hutton.

The galvanised steel market already accounts for 45 per cent of zinc offtake and the current non-communist world's galvanising capacity of 40m tonnes is likely to expand by 25 per cent by 1992, he suggests.

Reductions in the average thickness of zinc coating on galvanised steel will ensure, however, that consumption of the metal will grow at a slower rate than galvanised steel production, he says.

"Our forecast improvement in galvanised steel output of 6.5 per cent in 1989 roughly translates to an extra 90,000 tonnes of zinc which is equivalent to a 1.75 per cent increase in total consumption from this source alone," Mr. Buxton calculates.

A slightly larger increase of 105,000 tonnes should add about 2 per cent to total demand in 1990.

"Therefore, while the galvanising industry alone will not ensure the continue health of zinc, it provides an excellent base," he concludes.

WORLD COMMODITIES PRICES

LONDON MARKETS

THIS week's decline in nickel prices accelerated on the LME yesterday, with three-month metal shedding $400 a tonne to $11,425 a tonne following merchant selling of both cash and forward metal. Dealers said that $11,200 a tonne was now likely. Zinc prices were steadier as buying emerged following the sharp decline of the previous two days. Dealers said prices could now find more support around $1,600 a tonne. But there was talk that LME zinc warehouse stocks, already at five-year highs, could rise again next week, renewing pressure on the market. A brief strike at a big lead/zinc mine in Yugoslavia has ended. Copper prices fell in the absence of any fresh news or consumer interest. Southern Peru Copper said it would not be cancelling any shipments after last month's failed mine strike.

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$15.70-5.80w	+.175
Brent Blend	$17.90-7.95	+.425
W.T.I. (1 pm est)	$19.35-9.40w	+0.30
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$201-202	+1.5
Gas Oil	$166-167	+3
Heavy Fuel Oil	$84-86	
Naphtha	$156-158	+2
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$360	+1.75
Silver (per troy oz)♣	511c	+4
Platinum (per troy oz)	$479.0	+5.25
Palladium (per troy oz)	$134.6	+1.1
Aluminium (free market)	$1765	+7.5
Copper (US Producer)	134⅝-38½c	-3¾
Lead (US Producer)	40.5c	
Nickel (free market)	540c	-15
Tin (Kuala Lumpur market)	23.04r	+0.01
Tin (New York)	403.5c	+2.5
Zinc (US Prime Western)	83¾c	
Cattle (live weight)†	116.55p	-0.76*
Sheep (dead weight)†	148.52p	+0.09*
Pigs (live weight)†	99.60p	+5.36*
London daily sugar (raw)	$328.0v	-4.4
London daily sugar (white)	$454.5v	-12.5
Tate and Lyle export price	£328.0	-4.0
Barley (English feed)	£106	
Maize (US No. 3 yellow)	£125	
Wheat (US Dark Northern)	£126.5t	
Rubber (spot)♥	59.00p	+0.50
Rubber (Oct)♥	62.00p	+0.50
Rubber (Nov)♥	62.75p	+0.50
Rubber (KL RSS No 1 Oct)	236.0m	
Coconut oil (Philippines)§	$490v	
Palm Oil (Malaysian)§	$320	
Copra (Philippines)§	$295	-5
Soyabeans (US)	£173	-1
Cotton "A" index	81.8c	+0.5
Wooltops (64s Super)	593p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. y-Oct/Nov. x-Oct/Dec. t-Aug/Sep. v-Sep/Oct. w-Oct. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

COCOA — London FOX £/tonne

	Close	Previous	High/Low
Sep	751	760	754 738
Dec	806	814	813 793
Mar	777	779	784 761
May	782	790	790 775
Jul	798	803	800 790
Sep	814	820	817 807
Dec	838	850	843 834

Turnover: 6671 (6251) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Sep 6 920.14 (927.11) :10 day average for Sep 7 944.45 (948.74)

COFFEE — London FOX £/tonne

	Close	Previous	High/Low
Sep	800	775	790 767
Nov	806	798	810 785
Jan	813	810	814 795
Mar	828	830	828 815
May	845	845	840 838
Jul	865	870	862 859
Sep	890	896	885 881

Turnover: 6735 (4448) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Sep 5 : Comp. daily 70.07 (71.57). 15 day average 68.92 (68.70)

SUGAR — London FOX ($ per tonne)

Raw	Close	Previous	High/Low
Oct	294.00	296.40	297.00 293.80
Dec	287.00	287.60	284.00
Mar	277.80	278.60	280.00 277.00
May	273.20	274.00	273.40
Aug	268.60	270.00	268.00
Oct	262.00	262.00	263.00 262.00
White	**Close**	**Previous**	**High/Low**
Oct	417.00	421.50	420.50 416.50
Dec	385.50	387.50	386.00 384.50
Mar	353.50	354.50	355.00 352.00
Aug	348.50	349.50	348.00
Oct	342.50		342.00

Turnover: Raw 2824 (5036)lots of 50 tonnes. White 1807 (2331).
Paris- White (FFr per tonne): Oct 2785, Dec 2575, Mar 2370, May 2350, Aug 2340, Oct 2280.

CRUDE OIL — IPE $/barrel

	Close	Previous	High/Low
Oct	17.75	17.42	17.82 17.50
Nov	17.53	17.26	17.60 17.32
Dec	17.40	17.19	17.41 17.25
Jan	17.35		17.35 17.28
IPE Index	17.36	17.27	

Turnover: 11512 (8012)

GAS OIL — IPE $/tonne

	Close	Previous	High/Low
Sep	165.50	161.75	166.00 162.00
Oct	162.25	159.25	163.00 159.50
Nov	161.25	159.00	162.25 159.50
Dec	161.25	158.50	162.00 159.25
Jan	159.50	157.50	160.00 158.25
Feb	156.50	154.00	156.50 155.25
Mar	152.00		153.75 152.00

Turnover 10780 (4346)lots of 100 tonnes

WOOL

THE IMPRESSION is that Japan is buying more actively, and that the proportion bought by the wool corporation at floor price level is no longer rising. There is still a long way to go before the wool market regains sufficient strength for significant price rises above floor level become likely, however. Chinese demand fell away very substantially after the political upheaval. Textile trade in Europe is also still subdued. UK prices are under downward pressure because of the risk of reduced machinery activity. Quoted prices are largely unchanged. The basis for tops is 594p/kg for 64s super and 412p for 58s average.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 23,500 tonne
Cash	1736-40	1769-73		1763-8		
3 months	1725-6	1755-6	1760/1720	1748-50	1723-5	31,262 lots
Copper, Grade A (£ per tonne)						Ring turnover 46,750 tonne
Cash	1861-2	1915-7	1878/1875	1876-7		
3 months	1843-4	1886-7	1855/1832	1854-5	1831-2	72,078 lots
Lead (£ per tonne)						Ring turnover 13,000 tonne
Cash	449-51	460-2	462/461	461-1.5		
3 months	445-6	455-6	456/445	455-6	446-6.5	11,258 lots
Nickel ($ per tonne)						Ring turnover 1,894 tonne
Cash	11650-90	12050-150	11825/11650	11675-700		
3 months	11400-50	11800-50	11650/11350	11525-50	11350-400	5,091 lots
Tin ($ per tonne)						Ring turnover 850 tonne
Cash	8650-75	8570-600		8650-60		
3 months	8680-730	8630-50	8700/8670	8680-700	8680-700	5,542 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 10,575 tonne
Cash	1655-65	1650-70	1680/1676	1675-8		
3 months	1615-20	1610-5	1630/1600	1628-30	1615-20	12,115 lots
Zinc ($ per tonne)						Ring turnover 3,025 tonne
Cash	1600-5	1590-600	1610/1605	1605-10		
3 months	1555-60	1545-55	1580/1530	1575-7	1555-65	5,946 lots

LME Closing £/$ rate:
SPOT: 1.5505 3 months: 1.5318 6 months: 1.5119 9 months: 1.4967

POTATOES — BFE £/tonne

	Close	Previous	High/Low
Nov	139.5	137.0	139.2 138.5
Feb	166.0	165.0	
Apr	213.5	206.4	214.5 207.5
May	236.0		236.0 233.0

Turnover 670 (285) lots of 40 tonnes.

SOYABEAN MEAL — BFE £/tonne

	Close	Previous	High/Low
Oct	138.00	139.50	138.00
Dec	140.00	141.50	140.00

Turnover 80 (93)lots of 20 tonnes.

FREIGHT FUTURES — BFE $10/index point

	Close	Previous	High/Low
Sep	1462	1467	1470 1465
Oct	1544	1548	1554 1544
Jan	1584	1587	1590
Apr	1616	1613	1616
Jul	1412		1410 1407
BFI	1433	1429	

Turnover 97 (94)

GRAINS — BFE £/tonne

Wheat	Close	Previous	High/Low
Sep	104.60	104.55	105.10 104.60
Nov	107.85	107.85	108.35 107.85
Jan	111.75	111.70	112.10 111.75
Mar	114.70	114.55	114.90 114.70
May	117.50	117.30	117.75 117.45
Jun	119.10	119.00	119.10
Barley	**Close**	**Previous**	**High/Low**
Sep	101.00	101.30	101.10
Nov	104.60	104.95	104.95 104.60
Jan	108.45	108.70	108.80 108.45
Mar	111.40	111.55	111.40
May	113.75	113.90	113.90 113.75

Turnover: Wheat 294 (310), Barley 151 (120).
Turnover lots of 100 tonnes.

PIGS — BFE (Cash Settlement) p/kg

	Close	Previous	High/Low
Oct	123.0	122.5	
Nov	123.5	123.5	
Feb	116.0	116.0	
Apr	115.5		115.0

Turnover 2 (64) lots of 3,250 kg

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	359¾-360¼	232¼-232¾
Opening	359¼-359¾	232-232½
Morning fix	360.00	232.268
Afternoon fix	360.20	232.043
Day's high	359-359½	
Day's low	357½-358	
Coins	**$ price**	**£ equivalent**
Mapleleaf	368-373	237½-240½
Britannia	368-373	237½-240½
US Eagle	368-373	237½-240½
Angel	368½-373½	238-241
Krugerrand	358-361	231-233
New Sov.	84½-85½	54½-55¼
Old Sov.	84½-85½	54½-55¼
Noble Plat	484.75-492.45	312.85-317.80
Silver fix	**p/fine oz**	**US cts equiv**
Spot	328.85	509.25
3 months	340.30	520.60
6 months	351.85	532.15
12 months	374.00	554.95

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Nov	Jan	Nov	Jan
1600	147	127	9	27
1700	74	69	34	66
1800	29	32	87	126
Copper (Grade A)	**Calls**		**Puts**	
2700	202	167	62	133
2800	143	123	101	186
2900	97	88	154	246
Coffee	**Nov**	**Jan**	**Nov**	**Jan**
750	78	106	20	43
800	48	79	40	66
850	27	58	69	95
Cocoa	**Dec**	**Mar**	**Dec**	**Mar**
750	72	73	16	47
800	42	50	36	74
850	22	35	66	109
Brent Crude	**Nov**	**Dec**	**Nov**	**Dec**
1700	80	85	28	45
1750	41	58	47	
1800	26	42		

US MARKETS

IN THE METALS, gold prices gained slightly due mostly to a set-back in the U.S. dollar, reports Drexel Burnham Lambert. Short-covering was the main feature in the silver market as prices closed marginally higher. Platinum firmed following gold and silver. Copper added on to yesterdays losses, falling another 295 points, basis December. Strong trade selling and sell stops fueled the decline. Sugar trading was again mixed. The grains were all higher as commercial buying along with local short-covering provided strength. Wheat futures eased as some scattered profittaking was seen. Corn gained support from the prospects of increased export business. Cotton futures were lower as some fresh shorts entered the markets. Livestock markets were higher with strong advances seen in the pork bellies. Position-squaring ahead of Thursday's report was the main feature. Hogs and cattle posted small gains. The energy complex broke out of its narrow trading ranges as news of a U.S. refinery explosion and a possible strike in the North Sea Brent field prompted buying. October crude oil rallied well above the $19 level.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Sep	361.6	359.6	361.3	361.3
Oct	363.7	361.4	363.8	362.2
Nov	365.6	363.3	0	0
Dec	367.4	365.1	367.5	366.2
Feb	371.3	368.9	371.3	370.0
Apr	375.4	372.9	375.5	374.8
Jun	379.6	377.0	379.0	378.5
Aug	383.6	380.9	0	0
Oct	387.8	385.0	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Sep	478.3	474.8	0	0
Oct	480.8	477.3	484.0	479.0
Nov	481.9	478.4	0	0
Jan	485.0	481.5	487.0	484.0
Apr	487.7	484.2	486.5	486.0
Jul	490.5	487.0	0	0
Oct	494.0	490.5	497.0	497.0

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Sep	125.75	128.30	128.75	125.75
Oct	123.50	127.40	123.60	123.50
Nov	122.65	125.70	0	0
Dec	121.55	124.50	125.30	121.30

INDICES

REUTERS (Base: September 18 1931 = 100)

Sept 5	Sept 4	mnth ago	yr ago
1906.6	1909.5	1904.8	1673.7

DOW JONES (Base: Dec. 31 1974 = 100)

Spot	129.56	-	127.94	133.77
Futures	129.83	-	128.57	137.33

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Sep	510.3	506.3	511.5	506.0
Oct	513.7	509.7	0	0
Nov	518.1	514.1	0	0
Dec	522.0	518.0	523.5	520.0
Jan	525.2	521.2	0	0
Mar	533.8	529.6	535.0	532.0
May	541.8	537.4	542.5	541.5
Jul	550.1	545.6	551.0	550.0
Sep	558.6	554.0	558.5	558.5
Dec	570.6	565.9	572.0	569.6

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Oct	19.39	19.05	19.42	19.21
Nov	19.18	18.89	19.21	19.04
Dec	19.01	18.75	19.05	18.90
Jan	18.86	18.64	18.87	18.75
Feb	18.74	18.56	18.80	18.65
Mar	18.64	18.50	18.72	18.60
Apr	18.60	18.45	18.66	18.67
May	18.56	18.41	18.60	18.50
Jun	18.52	18.38	18.56	18.52
Jul	18.51	18.35	18.54	18.45

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Oct	5540	5457	5565	5510
Nov	5590	5513	5615	5570
Jan	5580	5524	5605	5565
Feb	5480	5439	5525	5475
Mar	5290	5254	5350	5285
Apr	5115	5084	5160	5115
May	5060	4969	5060	5030
Jun	4960	4899	4960	4960
Jul	4940	4889	4950	4940

COCOA 10 tonnes;$/tonnes

	Latest	Previous	High/Low	
Sep	1048	1045	1060	1048
Dec	1075	1083	1089	1069
Mar	1080	1070	1091	1075
May	1094	1088	1102	1087
Sep	1130	1124	1140	1124
Jul	1109	1104	1115	1109
Dec	1157	1148	1160	1155

COFFEE "C" 37,500lbs; cents/lbs

	Latest	Previous	High/Low	
Sep	84.75	84.30	85.25	84.00
Dec	84.70	83.45	85.25	83.60
Mar	86.90	85.80	87.25	85.75
May	89.00	88.46	89.00	88.00
Jul	92.00	90.60	91.00	90.75
Sep	93.00	92.00	93.00	92.90
Dec	96.00	95.00	96.00	96.00

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	13.28	13.38	13.44	13.28
Jan	12.50	12.60	0	0
Mar	12.49	12.50	12.60	12.45
May	12.25	12.29	12.37	12.22
Jul	12.03	12.08	12.14	11.99
Oct	11.60	11.65	11.92	11.60

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Oct	71.90	73.10	73.15	71.80
Dec	72.67	73.98	74.25	72.63
Mar	74.00	75.08	75.40	73.85
May	74.80	75.90	76.15	74.80
Jul	75.06	75.90	76.25	75.01

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Sep	159.35	160.40	160.65	158.30
Nov	144.80	146.00	146.40	144.80
Jan	141.00	142.55	142.90	140.80
Mar	141.30	141.90	142.00	141.30
May	139.60	141.00	141.15	139.90
Jul	139.20	140.40	0	0
Sep	139.20	140.40	0	0
Nov	139.20	140.40	0	0

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Latest	Previous	High/Low	
Sep	587/0	581/2	589/4	580/0
Nov	581/0	576/4	584/0	574/2
Jan	590/6	585/4	592/4	583/4
Mar	599/0	596/4	602/2	594/0
May	609/4	603/6	609/4	602/0
Jul	613/0	608/0	613/4	605/0
Nov	582/0	582/4	585/6	580/4

SOYABEAN OIL 60,000 lbs; cents/lb

	Latest	Previous	High/Low	
Sep	18.58	18.41	18.61	18.35
Oct	18.74	18.53	18.80	18.51
Dec	19.16	18.99	19.25	18.95
Jan	19.40	19.24	19.48	19.20
Mar	19.85	19.60	19.93	19.63
May	20.25	20.00	20.29	20.05
Jul	20.55	20.32	20.55	20.50
Aug	20.50	20.26	20.45	20.50

SOYABEAN MEAL 100 tons; $/ton

	Latest	Previous	High/Low	
Sep	194.5	193.7	194.8	192.5
Oct	186.5	185.4	186.7	184.5
Dec	183.7	182.9	184.2	182.1
Jan	183.2	182.5	183.7	182.0
Mar	183.0	182.6	183.2	181.5
May	182.0	182.5	182.5	181.1
Jul	181.5	181.7	182.0	181.0
Sep	180.0	182.0	180.0	180.0

MAIZE 5,000 bu min; cents/56lb bushel

	Latest	Previous	High/Low	
Sep	235/4	232/2	235/4	231/4
Dec	237/4	233/2	238/0	232/2
Mar	245/0	240/6	245/4	239/6
May	250/4	246/0	250/4	245/0
Jul	252/2	246/0	252/2	247/4
Sep	244/0	241/4	244/0	241/6

WHEAT 5,000 bu min; cents/60lb-bushel

	Latest	Previous	High/Low	
Sep	397/0	397/2	399/0	396/0
Dec	406/4	407/4	408/4	405/4
Mar	408/6	408/4	409/4	407/0
Jul	360/4	362/4	363/4	360/4
Sep	367/0	368/4	367/0	367/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Sep	69.30	69.30	69.50	0
Oct	72.37	72.25	72.55	72.17
Dec	72.72	72.46	72.95	72.45
Feb	72.57	72.27	72.75	72.25
Apr	73.72	73.82	73.95	73.57
Jun	71.65	71.62	71.80	71.52
Aug	69.95	69.92	70.12	69.90

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Oct	39.82	39.27	39.75	38.97
Dec	41.95	41.07	42.00	40.82
Feb	43.17	42.70	43.25	42.25
Apr	40.77	40.40	40.85	40.00
Jun	45.70	45.50	45.75	45.25
Jul	45.90	46.85	46.90	45.75
Aug	44.75	44.70	44.75	44.65

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	44.82	43.37	44.85	5.50
Mar	45.12	43.60	45.20	43.15
May	46.40	44.70	46.40	44.40
Jul	46.80	45.60	46.80	45.30
Aug	46.40	44.90	46.40	45.45

LONDON STOCK EXCHANGE

Rights issue hint shakes equity sector

THE ALREADY shaky confidence of the London equity sector was jolted towards the close of yesterday's session when an early setback on Wall Street coincided with a rash of rumours that a substantial rights issue was looming in the UK market. Share prices, which had been sagging throughout the day, fell sharply during the last hour, taking the FT-SE Index down through the 2,400 mark regained only on Friday.

The rights issue hints focussed around Polly Peck, which announces trading results today and is thought to be a candidate for a major acquisition in the US. Polly

Account Dealing Dates		
First Dealings:		
Aug 14	Sep 4	Sep 18
Option Declarations:		
Aug 31	Sep 14	Sep 28
Last Dealings:		
Sep 1	Sep 15	Sep 29
Account Day:		
Sep 11	Sep 25	Oct 9

"New time dealings may take place from 9.00 am two business days earlier.

Peck was not the only name in the frame, however. "Try any company beginning with p," said one trader cheerfully. Eurotunnel also attracted similar fund-raising tales.

The FT-SE Index ended with a loss of 35.2 points at 2,390.8, the low of the day. Market indices were pulled down by late falls in Wall Street-orientated issues. ICI, Racal Electronics, Glaxo and Rank Organisation were prominent in the list of casualties.

Although the day's Seaq trading volume jumped to 540.1m shares, the first time it has exceeded 500m for some weeks, traders said retail selling pressure was not heavy; US sellers were reported late in the session but London market makers were only too ready to mark prices lower.

The market appeared to be riding for a correction yesterday and was already down by around 10 Footsie points when it was hit by the loss of nearly 40 Dow points in early trading in New York. Strategists at the leading stock market firms have become increasingly cautious this week. In the wake of the most recent gain in equities, Shearson Lehman Hutton has warned that, "Anything more would be greedy"; Prudential-Bache has commented that dividend growth and equity shrinkage have become more positive factors, while Citicorp Scrimgeour Vickers has pointed to the rise in risks in the US corporate sector.

Caution was further pressed home yesterday when disappointing results from leading companies bore out fears that the economic slowdown would soon show itself in corporate profit and loss accounts.

Developments on the takeover front were less helpful for equities. Further delay for the BAT Industries situation was implied by the official decision to send to the full UK Takeover Panel Hoylake's request that its offer should lapse pending US regulatory rulings. Some of the more unlikely suggested counter bidders for BAT also faded away in yesterday's harsher market climate.

Although the pound edged ahead yesterday, the UK stock market is also concerned over the renewed pressures in currencies, which have focussed attention on today's meeting of the Bundesbank policy council.

Enterprise hints confirmed

Recent market speculation that the long-running saga of the carve up of Texas Eastern's North Sea oil and gas interests would end up with Enterprise coming out with around one third of the assets proved spot on yesterday. Enterprise announced that it had reached an out of court settlement regarding the deal.

Enterprise said it is paying $289m plus accrued interest to Texas Eastern for around 30 per cent of the mainly gas assets, which includes stakes in the Indefatigable, East Leman, Amethyst, Montrose and Arbroath fields.

British Gas and Amerada Hess will acquire shares in Texas Eastern North Sea.

The row over the break up of the Texas assets erupted in March when Enterprise announced its purchase of the Texas assets along with a £650 rights issue. Gas and Amerada subsequently exercised pre-emption rights after appealing to the High Court. Talks over an out of court settlement have been going on for some weeks.

Enterprise shares were sold down to around 580p recently, amid stories that the company could end up with as little as 12 to 15 per cent of the assets. Yesterday, Enterprise jumped to 610p immediately following the news before slipping back to close unchanged on balance at 603p; turnover was 1m shares.

One analyst described the outcome of the negotiations as highly satisfactory for Enterprise, but said there still remained slight uncertainty over the possibility of the near 25 per cent stake in Enterprise held by ICI being placed in the market. Enterprise is scheduled to announce interim figures today.

Williams caution

Williams Holdings' half-way profits advance of 49% to £75m was largely in line with forecasts but failed to inspire the market. The shares closed 9½ lower at 265½p at on turnover of 3.1m.

Mr Charles Pick, analyst at Nomura, shaved his profits forecast for the full year to £160m, saying "It's going to pay to be on the cautious tack".

Mr Robert Gibson, at Robert Fleming Securites, took a more optimistic stance. He cut the tax charge he thinks Williams will have to pay, and therefore raised his eps forecast for the current year from 27.9p to 30p. His pre-tax forecast remained unchanged at £167m. "And Williams is looking to get decent benefits from the aerospace business in 1990," he said.

Both analysts said the proposed spin-off of the vehicle distribution business would be is broadly neutral for shareholders. "It is likely to knock a penny off eps (earnings per share)," said Mr Gibson, "but they'll be getting the equivalent of about 11p per share." Mr Pick said the spin-off was likely to happen in November.

T&N concern

The market took T&N's interim figures badly. The cause of the problem was a £9m exceptional item for the costs of asbestos compensation claims. "The threat from asbestos claims remains, just as the market was beginning to discount this factor," said Mr Keith Williams at BZW. He cut his profits forecast for the group from £105m to £97m for the current year and changed recommendation from long term buy to a trading sell.

Mr Andrew Page, at County NatWest WoodMac, took a less bearish view. He said the price weakness was overdone because "better visibility of their future liabilities will reduce uncertainty." The shares fell 24½ to 237½p in strong turnover of 6.3m shares.

The whole of the financials sector came in for a concerted bout of profit-taking after the recent strong upward moves. The clearers showed Midland 9 off at 366, NatWest 8 easier at 347p and Lloyds 7 weaker at 407p. Barclays held up well to close only 3 cheaper at 537p. Recent sell notes continued to take their toll of Standard Chartered which ran back 5 to 538p.

Merchant banks, among the market's best performers in the past couple of weeks, were particularly hit by profit-taking with SG Warburg, the sector pacemaker, retreating 20 to 443p. Hambros mirrored concern over imminent results from Hambros Countrywide, the estate agency business where Hambros has a 51 per cent stake, with Hambros shares 12 off at 220p.

Kleinwort Benson, reporting interims on September 13, lost 10 to 360p, and Morgan Grenfell, due to report interims soon, 13 to 329p.

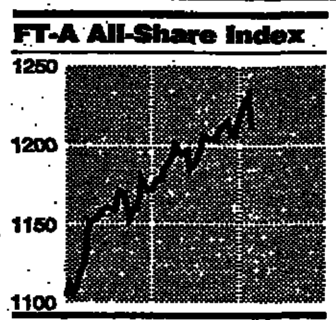
Life assurers drifted back as did the composites. In the latter group Sun Alliance lost 10 to 307p after revealing interim pre-tax profits of £191.4m against £182.3m and an interim dividend of 4.5p against 3.75p. The dividend was said to have proved a slight disappointment to the market.

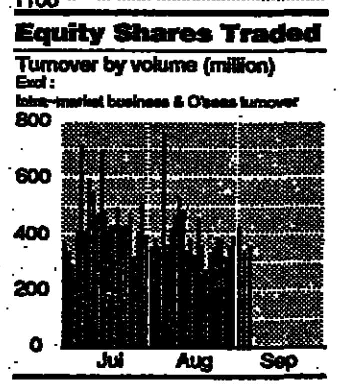
Insurance brokers were broadly lower with Sedgwick 7 off at 262p and Willis Faber 5 weaker at 224p.

Features in builders included Conder Group, which raced up 55 to 1070p after the doubled interim dividend and profits up from £1.75m to £5.1m. The increased bid from Lilley saw Tilbury jump 18 to 657p. Redland advanced 13 to 565p after buy notes from at least two leading broking firms.

Miller & Santhouse shares gained 6 to 186p following news of the agreed £14.5m bid from Boots; Miller Santhouse directors have accepted the offer thereby assuring acceptances of over 50 per cent. Among the top stores GUS "A" dropped 21 to 1170p in the wake of the caution recently expressed by County NatWest WoodMac.

FKI were among the market's worst performers, the shares slumping 14½ to 106p in heavy trading that totalled 11m shares, after stock news that the proposed sale of its US interest has been called off. The company said it blamed the deterioration of the US subordinated debt market for the sale of the businesses falling through.





Plessey touched 269p before closing a fraction easier at 267½p on turnover of 770,000; today is the first closing date of the GEC/Siemens joint bid for the company and some market observers are looking for the bid to be declared unconditional at 3pm. "Plessey and Stephen Walls have fought the battle to the bitter end, but it looks bleak for the company now," said one analyst. GEC fell 4 to 262½p.

Ferranti, 3 off at 71p, attracted plenty of interest with Henderson Crosthwaite strong buyers on the view that the company will be a recipient of funds switching out of Plessey. Mr Brian Newman, at Henderson, says Ferranti "are clearly oversold, and are the last remaining high technology defence contractor".

Thorn EMI eased 6 to 867p after a brokers' presentation concerning the group's music publishing businesses. VG Instruments continued their relentless advance, adding 5 more to 508p.

Further hopes of an asset injection at J Hewitt, which came under new management earlier this year, left the shares 9 better at 151p.

Busy trade in Bunzl, where 9.6m shares changed hands, followed an unexpected fall in profits at the interim stage. The analysts meeting "didn't go awfully well" and researchers downgraded their profit forecasts across the board. Any thoughts of a revival of old bid talk failed to stop the share price sliding 14 to 138p, although dealers said there was buying interest on the way down.

The latest twist in the Bowater bidding for Norton Opax bidding for De La Rue saga - a raised final offer in the latter bid — generated some jaded comments from analysts. "Bowater should still get Norton," seemed to be the consensus. One analyst said after that takeover had gone through, De La Rue would probably be bid for by a fourth party, perhaps printing group St Ives. Bowater and Norton eased with the market by 9 to 494p and by 5 to 214p respectively. De La Rue touched a high of 367p before easing to 362p, still a net improvement of 16 on the day. St Ives ended unchanged at 237p.

Mecca Leisure pleased the market with it interim figures. Mr Roy Owens, of Kitcat & Aitken, said that the group remained one of the best of the diversified UK leisure companies and the rating was still not demanding. The shares closed 4 better at 180p in good volume of 7.4m shares.

Further consideration of Brent Walker's acquisition of betting shops at the start of the weeks helped the shares close 10 better at 384p. Ms Lindsay Russell, at BZW, raised her forecast for current year profits from £53m to £59m. She was not alone in expressing caution over the deal. "The area of doubt is that they have no long term experience in betting," she said. Another analyst said that the management had proved its abilities in deal making but had not yet done so in profit generation.

The radio sector continued to power ahead, helped by Tuesday's bullish note from Citicorp Scrimgeour Vickers and the sale by Miss World of its stake in Radio City. The former jumped to 660p before closing up a net 15 at 653p, while the latter cosed at 575p, 8 better on the day.

The day's biggest beneficiary was, once again Capital Radio, leaping 75, in thin volume, to 1078p.

Carlton Communications was one of the few FTSE stocks to show a gain. It closed 5 better at 904p having touched a high of 920p. The company confirmed it was to make a series of presentation to US and Japanese investors in October and November.

Talk of a rights issue to accompany today's interims from Polly Peck knocked 14½ off the shares which closed at 299p. One industry observer said this was unlikely because that company had an surprise rights issue last December.

Vague rights issue talk did nothing to help Eurotunnel, down 20 at 720p. However, British and French construction companies contracted to design and build the Channel tunnel have said they might be prepared partially to underwrite a such a share issue. Escalating costs means up to a further £1bnmay have to be raised.

The news that Allied-Lyons was making a £200m debenture stock placing took the shine off speculation that the brewing and catering group might be a bid target. The shares performed strongly at first, but turned down sharply with the market in later dealings, to close 7 off at 559p.

Grand Metropolitan was another to suffer when US sellers appeared in London, falling 23 to 634p despite the earlier favourable response to the sale of its betting shops interest. Bass eased 5 to 1106p, although traders continued to predict a sale of the Coral betting shops in the near future.

The oil sector was again full of stories concerning BP. The shares slipped 3 to 306¼p on useful turnover of 8.2m with the latest hints in the market suggesting that BP could announce a sale of some North Sea assets, possibly as much as £1bn-worth, next week.

Another story was that BP could put together a parcel of its smaller North Sea assets and then float a minority stake in the new company on the stock market, thereby realising the cash for the assets while retaining control.

Shell, down 4 at 441p, were active, with turnover of 6.9m shares said to have again reflected substantial switching into the stock from Royal Dutch. "Ratios between the share prices have pointed to the switch for a couple of weeks," said one trader.

Ultramar staged a strong run early in the session, touching 356p at one point, on news of a serious fire Shell Oil's 130,000 barrels a day Martinez Refinery in California. Shell said the refinery would remain open but with curtailed production. Specialists said other Californian refiners, and especially Ultramar which owns the Wilmington refinery, should benefit from Shell's misfortune.

Burmah, reporting interims this morning, ran into some concerted profit-taking to close 18 off at 645p on turnover of 1m.

Calor moved up 8 to 439p, helped by persistent talk that a bid could be on the way.

■ Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 23

FINANCIAL TIMES STOCK INDICES

	Sep 6	Sep 5	Sep 4	Sep 1	Aug 31	Year Ago	1989 High	1989 Low	Since Compilation High	Since Compilation Low
Government Secs	86.02	86.26	86.46	86.52	86.81	86.79	89.29 (9/2)	83.75 (14/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	97.07	97.18	97.83	97.78	97.88	95.93	99.59 (15/3)	95.21 (13/6)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1978.7	2008.6	2003.6	1992.7	1977.8	1410.5	2008.6 (5/9)	1447.8 (3/1)	2008.6 (5/9/89)	49.4 (26/6/40)
Gold Mines	201.2	200.6	198.6	198.8	198.6	182.3	205.0 (7/7)	154.7 (17/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2390.8	2426.0	2419.2	2407.5	2387.9	1756.1	2426.0 (5/9)	1782.8 (3/1)	2443.4 (16/7/87)	986.9 (23/7/84)
Ord. Div. Yield	3.99	3.93	3.94	3.97	4.00	4.80				
Earning Yld %(full)	9.56	9.41	9.43	9.51	9.58	12.16				
P/E Ratio(Net)(*)	12.62	12.81	12.76	12.68	12.59	9.96				
SEAQ Bargains(5pm)	27,868	26,135	26,392	32,094	28,257	16,168				
Equity Turnover(£m)†	-	827.35	823.48	894.00	869.60	862.16				
Equity Bargains†	-	26,270	39,932	31,901	28,223	16,592				
Shares Traded (ml)†	-	353.1	343.8	421.6	388.5	270.1				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55, Basis 1000 FT-SE 100 31/12/83. # Nil 12.49

Ordinary Share Index, Hourly changes — Day's High 2011.0 — Day's Low 1978.7

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
2010.8	2002.3	2000.2	1998.9	1999.0	1998.2	1995.5	1983.7

FT-SE, Hourly changes — Day's High 2427.4 — Day's Low 2390.8

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
2427.0	2417.3	2414.1	2414.4	2416.0	2416.1	2412.6	2398.6

S.E. ACTIVITY

Indices	Sep 5	Sep 4
Gilt Edged Bargains	93.8	62.2
Equity Bargains	N/A	N/A
Equity Value	N/A	N/A
5—Day average		
Gilt Edged Bargains	81.5	78.9
Equity Bargains	N/A	N/A
Equity Value	N/A	N/A

SE Activity 1974. †Excluding intra-market business & O'seas turnover. London report and latest Share Index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

NEW HIGHS AND LOWS FOR 1989

NEW HIGHS (169). AMERICANS (6) BREWERS (6) BUILDINGS (6) CHEMICALS (2) STORES (6) ELECTRICALS (6) ENGINEERING (5) FOODS (7) HOTELS (1) INDUSTRIALS (15) ADT, Abbeycrest, Amer. Bus. Systems, Brompton, Cape Inds. 8.4pc Pf., Huntingdon Int'l., Morgan Crucible, Photo-Me, Plastiseal, Rolfe & Nolan, Scapa, Schlumberger, Sthn. Bus. Grp., WSP, Whitecroft, INSURANCE (1) LEISURE (16) MOTORS (1) NEWSPAPERS (1) PAPERS (6) PROPERTY (2) SOUTH AFRICANS (5) TEXTILES (1) TRANSPORT (5) TRUSTS (38) OILS (14) OVERSEAS TRADERS (1) MINES (16) THIRD MARKET (2).

NEW LOWS (31). BUILDINGS (3) ELECTRICALS (6) FOODS (2) INDUSTRIALS (6) Assoc. Energy, Mid Kent, Minty, Office & Elect., Pergamon AGB, Rauma-Repola, LEISURE (1) MOTORS (2) PAPERS (1) PROPERTY (2) TRUSTS (2) OILS (1) MINES (4) THIRD MARKET (1).

APPOINTMENTS

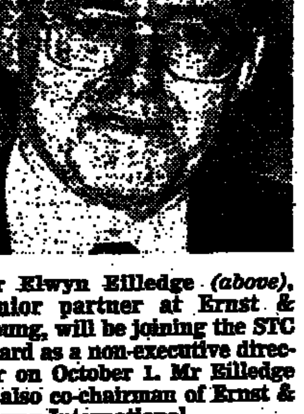
Changes at Mecca Leisure

■ The MECCA LEISURE GROUP has appointed Mr Jeremy Long as deputy chief executive with specific responsibility for group strategy and investor relations, in addition to his responsibilities as group finance director.

The company is also transferring Mr Mike Lavington, a main board director, to the US. He will act as chairman of Mecca's US operations and together with Mr Robert Earl, chief executive officer, will continue the expansion of Hard Rock internationally, together with Dinner Shows and attractions in both the US and Europe.

■ HAMBROS BANK has appointed Mr Barrie Moore as an assistant director in the commercial banking division. He will be responsible for senior debt in leveraged acquisition finance. He was previously at Creditanstalt where he was head of specialist finance.

■ CABLE AND WIRELESS has appointed Mr Jeremy A. Smith as controller corporate risk management. Mr Smith was formerly risk and insurance manager with British Aerospace.



Mr Elwyn Eilledge (above), senior partner at Ernst & Young, will be joining the STC board as a non-executive director on October 1. Mr Eilledge is also co-chairman of Ernst & Young International.

■ PARKFIELD ENTERTAINMENT, a division of the Parkfield Group, has made Mr David Rozalla managing director (designate) responsible for video and audio activities. He was formerly UK managing director of Warner Home Video.

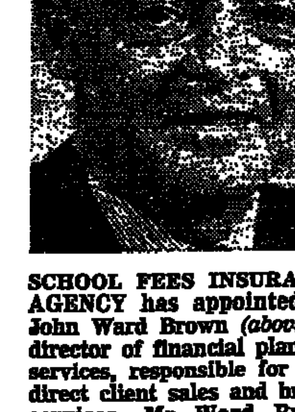
■ Mr William Kavanagh has been appointed managing director of EMI RECORDS in Eire, based in Dublin. He was formerly assistant managing director with CBS Records Ireland.

■ At NORMAN HAY Mr John R. Cowen has been elected a non-executive director. He is chairman of March Group.

■ BALFOUR BEATTY CONSTRUCTION has appointed the following to the board of its northern construction division: Mr Brian Osborne, a civil unit manager, assumes board responsibility for all the company's civil engineering operations throughout Scotland and the north of England; Mr Mike Peasland, unit manager, takes on responsibility for all building work carried out throughout the eastern half of Scotland and Mr Ken Winter, unit manager, is made responsible for all building works carried out in the west of Scotland.

■ Mr G. Hutchinson has become managing director of MONSELL YOUELL HOMES. Mr Louis Broadbent, company secretary for Lansdown Homes (Western), has assumed the financial mandate for Beazer Homes (Mercia). Mr J. Hodgetts, managing director of Beazer London, has become managing director of Beazer Homes (Wessex). Mr C. Honan, sales director of Beazer Homes (Northern), has been made general manager of Beazer Homes (Mercia).

■ THORNTON GROUP, an international investment company, has appointed Mr Stephen Nevitt as director of Thornton Management, Thornton Investment Management and Thornton Unit Managers. He was a senior director at Henderson Administration International.



SCHOOL FEES INSURANCE AGENCY has appointed Mr John Ward Brown (above) as director of financial planning services, responsible for both direct client sales and broker services. Mr Ward Brown joined SFIA in September 1988 as a manager of financial planning services, looking after direct client sales enquiries.

■ TIPHOOK COMMUNICATIONS INTERNATIONAL, the marketing and public relations subsidiary of Tiphook, has appointed Mr Richard Pavitt as managing director. He was previously managing director of Asset Communications, based in Bishop's Stortford.

FT UNIT TRUST INFORMATION SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

AUTHORISED UNIT TRUSTS

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GUIDE TO UNIT TRUST PRICING

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FT UNIT TRUST INFORMATION SERVICE

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	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Windsor Trust Mngrs Ltd (1200)F						
83 Kingsway, London, WC2B 6SD 01-405 8331						
Cambl & Equity	5	64.59	67.48	71.79	-0.05	6.61
European	5	78.12	78.46	83.46	+0.56	0.09
Far Eastern	5	63.73	68.96	73.36	-0.19	0.59
Growth Inc	5	90.15	93.43xd	99.39	-0.52	1.37
Growth Acc	5	90.29	93.52xd	99.47	-0.52	1.37
Income Inc	5	85.81	87.98xd	93.59	-0.33	4.54
Income Acc	5	85.91	88.08xd	93.70	-0.33	4.54
Property Share	5	55.81	55.81	59.49	-0.15	0.99
Smaller Co's	5	59.63	59.63	63.57	-0.05	1.51
Nth American	5	71.73	71.73	76.71	-0.72	1.43
International	5	51.66	51.66	55.24	+0.05	1.35
Wright Seligman Fund Mngrs Ltd (1700)F						
11 Blomfield St, London EC2M 7AY 01-588 0592						
Intl Growth	5	118.68	118.68	124.93	+2.39	3.75
UK Growth	5	95.00	95.00	100.00	----	5.80
UK Income	5	95.00	95.00	100.00	----	4.50
Weekly dealing day Tuesday						
The Yorkshire Unit Tst Mngrs Ltd (1100)F						
Woodsome Pk, Fenay Bdge, Huddersfield 0484 602250						
Yorkshire General	5¼	65.34	68.20	72.55	+0.12	2.50
YUTM UK Eqy Inc Tst	5¼	61.92	64.09xd	68.18	+0.16	3.67
YUTM Intl Gwth Tst	5¼	55.39	55.39	59.15	+0.58	0.75

OTHER UK UNIT TRUSTS

Baillie Gifford & Co Ltd					
Int'l Expt June 7	485.3	503.8		----	
Cent. Bd. of Fin. of Church of England‡‡					
2 Fore Street, London EC2Y 5AQ 01-588 1815					
Inv Fund Aug 31		553.45		----	4.61
Fxd Int Sec Aug 31		141.85		----	10.08
Deposit Aug 31		100.00		----	13.45
Charinco/Charishare‡‡ (1000)F					
33 King William Street, EC4R 9AS 01-280 2800					
C'inco Inc Aug 30	164.5	168.6xd		-1.30	9.98
C'inco Acc Aug 30	690.7	708.6xd		-5.70	9.98
C'share Inc Aug 30	165.9	172.0xd		+3.50	4.06
C'share Acc Aug 30	183.6	190.5xd		+4.10	4.06
Charities Official Invest. Fund‡‡					

INSURANCES

FT UNIT TRUST INFORMATION SERVICE

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Premium Life Assurance Co Ltd
37-39 Perrymount Road Haywards Heath 0444 458721

	Bid Price	Offer Price	+ or -	Yield Gross
American	133 0	140 0	-4 0	–
Building Soc. Fd	174 0	184 0		–
Balanced	293 0	309 0	-1 0	–
European	192 0	203 0	.....	–
GT Managed	192 0	203 0	.....	–
Gartmore Mngd	129 0	136 0	.....	–
German	137 0	145 0	-1.0	–
Gilt	183 0	193 0	...	–
Global	50 0	53 0	...	–
High Inc	121 0	128 0	...	–
International Equity	206 0	217 0	...	–
Japan	264 3	278 0	...	–
Managed	64 0	68 0	...	–
Property	291 0	307 0	...	–
R. W. Imperial Gold	153 0	162.0	...	–
UK Equity	368 0	388 0	...	–
Pension Funds				
American	156.0	165 0	...	–
Building Soc. Fd	175 0	185 0	...	–
Balanced	225 0	232 0	...	–
European	190 0	200 0	...	–
German	119 0	126 0	...	–
Gilt	153 0	167 0	...	–
International Equity	148 0	156 0	...	–
Japan	144 0	152.0	...	–
Managed	68 0	72 0	...	–
Property	223 0	235 0	...	–
UK Equity	337 0	355 0	...	–

Professional Life Assurance Co Ltd
Frobisher Hse Nelson Gate Southampton 0703 232323

	Bid Price	Offer Price	+ or -	Yield Gross
Pensions Managed Fund	98 67	104 33	+0 04	–
Pensions Cash Fund	79 55	83 74	+0 03	

Prolific Life & Pensions Ltd
Stramongate Kendall Cumbria LA9 4BE 0539 733733
Managed Fund see Balanced Growth Managed Fund

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Balanced Gwth Mngd	636 0	670 2	+0.5	–
Adventurous Mngd	138 0	145 5		–
Secure Mngd	114 3	120 5	+0 1	–
Cash Fd	237 2	250 0		–
Property Fund	292 9	311 7		–
Equity Fund	725 4	764 3	+0 8	–
Fxd Int. Fund	305 0	321 4		–
International	331 3	352 5	+0 6	–
High Income	491 6	523 4	+0 5	–
Far East	434 9	462 6	+2 4	–
North American	310 5	327 2	-1 6	–
Special Sits	669 4	712 2	+0 5	–
Technology	263 7	280 6	-0 3	–
Extra Inc Fd	300 3	319 5	+0 1	–
Convertible & Gilt Fd	160 0	170 3		–
American Income	144 4	152 2		–
Gilt Fund 20	302 6	323 0	-1 2	–
European Fund	112.5	113 6	+0 5	–
Pref. & Fixed Int.	101 9	108 5	+0.1	–
Pension Funds				
Balnced Gth Mgd Pens Acc	609 8	641 9	+0 2	–
Adventurous Mgd Pens Acc	134 2	141 3		–
Secure Mngd Pens Acc	113 5	119 5	+0 1	–
Building Soc. Acc	248 2	261 3		–
Property Pens. Acc	299 7	315 5		–
Fix Int. Pens. Acc.	425 8	448 3	-0.3	–
Equity Pens Acc	813 2	857 1	+0 6	–
International Pens Acc.	309 4	325 7	+0 5	–
High Inc Pens Acc	533 7	561 8	+0 6	–
Tech Pens Acc	173 3	182.5	-0.2	–
N American Pens Acc.	211 6	222 9	-1 2	–
Far Eastern Pens Acc	435 6	458 6	-2 6	–
Special Sits Pens Acc	550 9	580 2	+0 4	–
Extra Income Pens Fd	359 1	378 0	+0.3	–
Convertible & Gilt Pen	179.3	187 7		–
American Inc Pens	159 3	167 7		–
European Pens	119 6	125 9	+0 6	–
Managed Cash Pens	114 0	120 1		–
Pref & Fixed Pens	105 7	111 3	+0 1	–
Other Funds				
Acorn Managed Fund	181.0	190 6	+0 2	–
Portfolio 2000	169 1	178 1	+0 2	–
Barton Intnl Managed	113 3	119.3	+0.2	–
PBM Max Gwth & Inc	116 0	122 2	+0 1	–
DWC Growth & Income	118 2	124 5		–
NCH Inc & Growth	99 3	104 3		–
NCH Managed	106 3	111 9	+0 1	–

For Capital Unit and Other Prices ring 0539-733733

Property Equity & Life Ass. Co
Baxter Ave Southend SS2 6QH 0702 333433

	Bid Price	Offer Price	+ or -	Yield Gross
Int Man Pension Fd	141.5	149 0		–
Int Man Cmcy Bd Fd		135 7		–
Int Man Cmcy Ed Fd		124 5		–
Flexible Prop. Bd. Fd.		152 5		–
Flexible Money Bd. Fd		322 6		–
Special Man Inc Fd		125 7		–

Property Growth Assur Co Ltd
Sun Alliance House, Horsham 0403 641411

Prudential Holborn Pensions Ltd
30 Old Burlington St. London W1X 1LB 01-439 3134

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	605.3	637.2	+1 2	–
Equity	884 0	930.6	+4.8	–
Global Equity	263 7	277 6	-0.9	–
Fixed Interest	412.6	434.4	-0 7	–
Property	403 4	424 7	...	–
Cash	160 7	169 2	...	–
Index Linked Gilt	203 8	214 6	-0 8	–
Guaranteed	12.56		...	–
International Money	206 8	217 7	+0 4	–
North American	86.3	90 9	-0 8	–
Japanese	149 0	156 9	+0.1	–
European	107 2	112 9	+0 8	–
Special Situations	124 6	131.2	-0.7	–
Communications	114 0	120 0	+0 3	–
Smaller Companies	117 2	123 4	+0.3	–
International Small Cos	148 4	156.3	+0 4	–

Prudential Pensions Limited
Holborn Bars London EC1N 2NH 01-548 3281

	Bid Price	Offer Price	+ or -	Yield Gross
Discretionary Aug 30	£166 40	172.40	.....	–
Equity Aug 30	£164 15	191 13	.....	–
International Aug 30	£28 19	29 10	.	–
Intl Bond Aug 30	£12.60	12.78	.....	–
Fixed Int Aug 30	£74.40	75.39	.....	–
Index Linked Aug 30	£63 92	64 71	.....	–
Property Aug 30	£113 95	120 63	.....	–
Cash Aug 30	£21 465	21 465	.....	–
Pru-Linked Retirement Plan				
Managed Sept 5	402.7	428.5	+7.4	–
Cash Sept 5	201 9	210 5	+0.6	–
Prudential Pensions Investment Account				
Pens Mixed Sept 6	165 1	177.5	+1.2	–
Pens UK Eq Sept 6	319 0	344 1	+0 1	–
Pens Intl Sept 6	199.2	214 4	+4 8	–
Pens Fixed Sept 6	169 8	179 3	-0 6	–
Pens Index Lk Sept 6	162.2	171 4	-0.6	–
Pens Cash Sept 6	132 9	138.9	+0.3	–

Regency Life Assurance Co Ltd
Regency Hse Lanark Sq. London E14 9XS 01-538 8800

	Bid Price	Offer Price	+ or -	Yield Gross
Aggressive Ptflio Fd	125 7	132.3		–
Balanced Ptflio Fd	329 6	346 9	-0 1	–
Cautious Ptflio Fd	124 8	131.3		–
Elite Fund	120 6	126.9	+0.6	–
European Fund	95 1	100 0	+0.2	–
Far East Fund	109 8	115 5	+0 1	–
Fixed Interest Fund	244 3	257 1	-0 2	–
International Fund	292 1	307 4	-0 2	–
Money Fund	179 6	189 0		–
N. American Fd	129.4	136 2	-0.5	–
Property Fund	423 8	446 1	+0.2	–
UK Equity Fd.	407 9	429.3		–
A.I.M. Brewin Dolphn Fd	100 4	105 7	+0.2	–
Swim Select Invs.	117 3	123.5	+0.2	–
Chart Safety First Bd	110 1	115.9	.....	–
Exec. Master Fd	104.1	109 6	+1.0	–
Hardwick Growth Fd	111 3	117 2	...	–
Bentley Hare LR Port.	108 7	114 4	...	–
Milbourne Spec Port.	121 8	128.2	...	–
Swim Global Fd	119 0	125.3	...	–
Hardwick Tst Fd	72.6	76.4	...	–

All funds have equivalent pension fund. Series 2 prices above. Others available from Regency Life.

Reliance Mutual
Reliance House, Tunbridge Wells, Kent 0892 510033

	Bid Price	Offer Price	+ or -	Yield Gross
Deposit Acc Fd	126 2	132.9	+0.1	–
Equity Acc Fd	336 5	354.2	-0 5	–
Managed Acc Fd	295 6	311.1	...	–
Prop Fd (1st Issue)	–	594 4	...	–
Prop Acc Fd (2nd Iss)	178 6	188.0	...	–
Unit Trust Mn. Fd	125 6	132.2	...	–
RL Pension Funds				
Deposit Acc	165.5	174.3	...	–
Equity Acc	254 0	267.3	...	–
Fixed Int Acc	162.4	170 9	...	–
Gilt Indx Lnk Acc.	142.3	149 8	...	–
Managed Acc.	295.3	310.9	...	–

Royal Heritage Life Assurance Ltd
20 Clifton St. EC2A 4HX 01-920 0202/0733 262524

	Bid Price	Offer Price	+ or -	Yield Gross
Multi Gwth.		507.21	...	–
Multi Gwth "A"	507 3	534 0	...	–
Op Prop	437 0	460.0	...	–
Op Equity	834.2	878 2	-2 8	–
Op High Yld	355 0	373.7	-2.8	–
Op Man	630 7	663 9	-2.2	–
Op Dep	279 4	294.2	...	13.41
Op End	252.7	266 0	-0.5	–
Op Inc Dist.	209.6	220 7	-0.3	7.06
Op Intl Man	352 8	371.4	-1.1	–
Op US$	92.5	97 4	-0.8	7.47
Op Emerging Co s.	318 4	335 2	-0.9	–
Pension Funds—Series B & C Acc.				
Property	751 2	790 8	+0.1	–
Equity	2073 0	2182 2	-4.5	–
Fixed Interest	650 0	684.3	-2.2	–
Managed	1078 5	1135.3	-2.5	–
Deposit	533 1	561.2	+0 2	13.80
Gartmore Global	200 6	211.2	+1.0	–
Gartmore NA	104.5	110.0	-0 1	–

OFFSHORE AND OVERSEAS

GUERNSEY (SIB RECOGNISED)

MANAGEMENT SERVICES

JERSEY (SIB RECOGNISED)

IoM (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

JERSEY (**)

SWITZERLAND (SIB RECOGNISED)

GUERNSEY (**)

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

1989 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99½	98¾	Exch 11pc 1989	99½xd	......	–	–
99½	95¾	Treas 5pc 1986-89	99¼	......	50.3	10.22
99½	98¾	Exch 10¼pcCv '89	99½	......	10.33	13.66
101¼	99½	Treas 13pc 1990‡‡	99¾	......	13.02	12.97
132¾	124	Treas 2pc IL '90(84.6)	132	......	2.09	9.98
99¾	98½	Exch 11pc 1990‡‡	99⅛	......	11.09	12.85
101¼	99¾	Exch. 12¼pc 1990	99¾xd	......	12.54	13.29
95¼	91½	Treas. 3pc 1990	95½	+⅛	3.14	10.15
97¾	95¾	Treas 8¼pc 1987-90‡‡	97¾	......	8.47	11.79
98½	95¼	Treas. 8pc Cv 1990 ‡‡	96½	......	8.27	12.08
98½	96¾	Treas. 10pcCv 1990	97½	–⅛	10.27	12.55
93½	87½	Exch 2½pc 1990	93⅛	+⅛	2.69	8.77
101½	98½	Treas 11¾pc 1991	99⅛	......	11.82	12.20
93¼	89¾	Funding 5¾pc '87-91‡‡	93⅛xd	......	6.17	10.57
90⅞	86¾	Treas. 3pc 1991	90¾	+⅛	3.32	9.41
100¾	95½	Treas 10pc Cv '91 ‡‡	96½	–⅛	10.31	11.86
101¾	97½	Exch. 11pc 1991	98½	–⅛	11.16	11.76
94¼	91½	Treas. 8pc 1991	92½	–⅛	8.62	11.68
106½	102¾	Treas 12¾pc 1992‡‡	102½	–⅛	12.39	11.30
99½	95½	Treas 10pc 1992	97	–⅛	10.30	11.38
94¾	91	Treas. 8pc 1992 ‡‡	92¾xd	......	8.64	11.37
100¼	96½	Treas 10½pc Cv 1992‡‡	98⅛	–⅛	10.70	11.29
85⅝	82¼	Treas. 3pc 1992	85	......	3.53	9.28
105½	101¼	Exch. 12¼pc '92	102⅜	–⅛	11.96	11.23
109¼	104½	Exch 13½pc 1992	105½xd	–⅛	12.74	11.13
94¾	90½	Treas 8¼pc 1993	92½	–⅛	8.95	11.00
100¾	95⅝	Treas 10pc 1993‡‡	97½	–⅛	10.26	10.86
108¾	103½	Treas 12½pc 1993‡‡	104½	–⅛	11.91	10.85
88¾	84¾	Funding 6pc 1993‡‡	86½xd	–⅛	6.89	9.96
113¼	108¼	Treas 13¾pc 1993‡‡	109½	–⅛	12.53	10.76
94⅛	89¼	Treas. 8½pc 1994	91¾	–⅛	9.25	10.84
117½	112¾	Treas 14½pc 1994‡‡	113¾	–⅛	12.77	10.62
113½	107½	Exch 13½pc 1994	109½	–⅛	12.32	10.80
100⅝	95½	Treas. 10pc Ln. 1994‡‡	97½	–⅛	10.24	10.63
110¼	104½	Exch. 12½pc 1994	106½	–⅛	11.74	10.78
		Five to Fifteen Years				
96½	91¾	Treas 9pc 1994‡‡	93½	–⅛	9.59	10.54
108½	102½	Treas 12pc 1995	104½	–⅛	11.44	10.75
79⅞	74½	Exch 3pc Gas 90-95	76	......	3.95	8.42
101½	95¾	Exch. 10¼pc 1995	98¾	–⅛	10.43	11.63
113½	107⅛	Treas 12¾pc 1995‡‡	109½	–⅛	11.61	10.53
119½	112¾	Treas. 14pc '96	114½	–¼	12.17	10.66
97½	91¾	Treas. 9pc 1992-96‡‡	93½xd	–⅛	9.57	9.278
126½	119¾	Treas 15¼pc 1996‡‡	121½	–⅛	12.51	10.56
117½	110	Exch 13¼pc 1996‡‡	112¾	–⅛	11.76	10.54
101½	94½	Conversion 10pc 1996	97½	–⅛	10.23	10.44
118½	110¼	Treas 13¼pc 1997‡‡	113½	–⅛	11.64	10.48
104½	97⅛	Exch 10½pc 1997	100¼	–⅛	10.46	10.42
95½	88¾	Treas 8¾pc 1997‡‡	91½	–⅛	9.51	10.24
128⅝	120¾	Exch 15pc 1997	123¾	–⅛	12.16	10.63
100½	93½	Exch. 9¾pc 1998	96¾	–⅛	10.07	10.31
84⅞	78⅝	Treas 6¾pc 1995-98‡‡	81½	–⅛	8.24	9.90
134¾	125¾	Treas. 15½pc '98‡‡	129¾xd	–⅛	12.01	10.46
113½	105¼	Exch. 12pc 1998	109¾	–⅛	10.99	10.40
100¼	93¾	Treas 9½pc 1999‡‡	96⅝	–⅛	9.83	10.04
115⅞	107½	Exch. 12¼pc 1999	111¾xd	–⅛	11.07	10.38
105⅝	97⅞	Treas. 10½pc 1999	101¼	–⅛	10.36	10.27
104¾	96¾	Conversion 10¼pc 1999	99½	–¼	10.25	10.23
94¾	86⅞	Treas. 8½pc Ln 2000‡‡	90⅝	–⅛	9.40	9.98
97¾	90	Conversion 9pc 2000‡‡	93¾	–⅛	9.62	10.01
122¾	113¾	Treas. 13pc 2000	116½	–¼	11.11	10.34
103⅝	95⅝	Treas 10pc 2001	99⅛	–⅛	10.06	10.07
124½	115½	Treas. 14pc '98-01	119⅛	–⅛	11.76	10.58
102¾	94¾	Conversion 9¾pc 2001	98	–⅛	9.94	10.02
113½	105½	Exch. 12pc '99-02	109½	–⅛	11.00	10.44
104½	96¾	Conversion 10pc 2002	100¾xd	–⅛	9.97	9.95
102½	94½	Treas 9¾pc 2002	98¾	–⅛	9.88	9.93
97½	89½	Exch. 9pc 2002	93½	–⅛	9.62	9.87
126½	117¾	Treas. 13¾pc 2000-03	121¾	–⅛	11.31	10.39
105⅝	97¼	Treas 10pc 2003	101¼xd	–⅛	9.88	9.83
113½	104¾	Treas. 11½pc 2001-04	108⅝xd	–⅛	10.58	10.20
106½	97⅝	Treas. 10pc 2004	101¾	–⅛	9.83	9.77
59⅞	55¾	Funding 3½pc '99-04	57¾	–⅛	6.09	8.63

BRITISH FUNDS—Contd

1989 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		Over Fifteen Years				
102½	94¼	Conversion 9½pc 2004	98¾	–⅛	9.65	9.70
103¾	94½	Conversion 9½pc 2005	98½	–⅛	9.63	9.66
111¾	102¾	Exch 10½pc 2005	106¾xd	–⅛	9.83	9.66
125¾	115½	Treas. 12½pc 2003-05	119½	–¼	10.43	9.85
90⅞	82⅞	Treas. 8pc 2002-06‡‡	86¾xd	–⅛	9.21	9.58
105⅞	97¾	Conversion 9¾pc 2006	101¾	–⅛	9.62	9.58
118½	109¾	Treas. 11¾pc 2003-07	113½	–⅛	10.32	9.85
96½	87½	Treas 8½pc 2007 ‡‡	92	–⅛	9.24	9.42
134⅝	123⅝	Treas. 13½pc '04-08	128⅝xd	–⅛	9.498	9.77
101¾	92¾	Treas. 9pc 2008 ‡‡	96½xd	–⅛	9.31	9.37
92¾	84¾	Treas 8pc 2009	88¾xd	–⅛	9.08	9.32
102¾	93¾	Conv 9pc Ln 2011 ‡‡	97¾	–⅛	9.23	9.26
68⅞	62½	Treas. 5½pc 2008-12‡‡	65½xd	–⅛	8.40	9.11
89⅞	82¾	Treas. 7¾pc 2012-15‡‡	85¾	–⅛	9.06	9.23
132¾	121¼	Exch. 12pc '13-'17	125½	–⅛	9.53	9.29
		Undated				
45⅝	41½	Consols 4pc	42½	–¼	9.34	–
40⅝	36⅞	War Loan 3½pc‡‡	37½	–¼	9.15	–
70½	60⅞	Conv. 3½pc '61 Aft	64½xd	–⅛	5.38	–
41¾	31½	Treas. 3pc '66 Aft	34½xd	–⅛	8.74	–
30¾	26	Consols 2½pc	26¾xd	–⅛	9.24	–
29½	25¾	Treas. 2½pc	26¾xd	–⅛	9.32	–
		Index-Linked				
		(b)			(1)	(2)
112¾	103¾	Tr. 2pc '92‡‡(97.8)	112¾xd	–⅛	2.04	3.06
105¾	94½	Do. 2 '94 (102.9)	104¾	–⅛	2.49	3.04
155¾	139½	Do. 2pc '96(67.9)	153⅝xd	–⅛	2.78	3.16
130½	118¾	Do 2½pc '01(78.3)	129½xd	–⅛	3.26	3.51
127½	115⅝	Do. 2½pc '03(78.8)	126⅞	–⅛	3.34	3.56
131¾	117½	Do. 2pc '06(69.5)	129⅝	–⅛	3.39	3.57
123¾	110⅝	Do. 2½pc '09(78.8)	121¾	–⅛	3.40	3.57
128	114½	Do. 2½pc '11(74.6)	126¾	–⅛	3.40	3.56
106⅝	95¾	Do. 2½pc '13(89.2)	105⅛	–⅛	3.39	3.53
115⅝	101¼	Do 2½pc '16(81.6)	113½	–⅛	3.35	3.49
112½	100⅞	Do. 2½pc '20(83.0)	111½	–⅛	3.32	3.44
95¾	84½	Do. 2½pc '24‡‡(97.7)	94¾	–⅛	3.29	3.40

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for December 1988: 110.3 and for July 1989: 115.5.

INT. BANK AND O'SEAS

1989 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
108½	99½	African Dv Bk 11¼ Ln 2010	103½	–⅛	10.70	10.64
104⅞	96⅛	Asian Dev Bk 10¼pcLn2009	99½	–⅛	10.27	10.27
130¾	119½	Australia 13½pc 2010	123¾xd	–⅛	10.91	10.64
113½	102½	Do. 11¾pcLn2015	106½	–⅛	10.64	10.58
108½	99½	Euro Inv Bk 11pc Ln 2002	103½	–⅛	10.62	10.49
104½	95½	Do. 10½pc2004	99⅛	–⅛	10.44	10.45
119¾	109½	Int-Am Dev Bk 12½pc 2003	112½	–⅛	11.07	10.64
99⅛	90⅞	Do. 9¾pcLn 2015	94⅞	–⅛	10.28	10.31
97½	91½	Mlysia 10¾pcLn 2009	95½xd	+½	11.26	11.32
120	115	Utd. Mexican States 16½pc 2008	115	......	14.35	14.20

CORPORATION LOANS

1989 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
102	99½	Birmingham 13½pc 1989	99½	......	13.57	11.20
111½	102½	Do. 11½pc 2012	106½	......	10.80	10.70
91	86½	GLC 6¾pc 1990-92	89½xd	......	7.54	11.70
124½	14½	Leeds 13½pc 2006	121½	......	11.11	10.72
33	30	Liverpool 3½pc Irred	30xd	......	11.67	–
95½	92	LCC 6¾pc '88-90	95½	......	7.07	10.90
30	27	Do. 3pc '20 Aft	28xd	......	10.71	–
107½	101½	Manchester 11½pc 2007	106½xd	......	10.80	10.70

COMMONWEALTH & AFRICAN LOANS

1989 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
89½	86½	NZ 7¼pc 1988-92	88½	–½	8.19	11.90
206	206	S Rhod 2½pc Non-Asstd	206	......	–	–
84½	84½	Do. 4½pc 87-92 Asstd	84½	......	5.33	9.33

LOANS

1989 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		Building Societies				
99½	99¾	N'wide Anglia 12½pc 18.9.89	99½	......	12.38	13.74
99½	99⅛	Do. 12¾pc 2.10 89	99½	......	12.35	13.23
99¾	98½	Do. 11½pc 6.11 89	99¾	......	11.88	14.13
100	98½	Do. 12¼pc 4.12 89	99½	......	12.39	13.94
100¼	99¾	Do. 12½pc 2.1.90	99½	......	12.88	13.95
100½	98¾	Do. 12¾pc 29 1.90	99½	......	12.65	13.90
100	98¾	Do. 12½pc 26.2.90	99½	......	12.77	13.95
100	98½	Do. 12⅝pc 19.3.90	99¾	......	12.93	13.90
100½	99⅛	Do. 13⅜pc 23.4.90	99⅝	......	13.43	13.83
100	99	Do. 13pc 14.5 90	99⅜	......	13.08	13.77
100	98⅝	Do. 13½pc 4/6/90	99½	......	13.71	13.74
100½	100	Do. 14¾pc 2.7.90	100¾	......	14.25	13.62
100⅛	99½	Do. 13⅝pc 23.7.90	99½	......	13.63	13.61
107	98½	Do. 3⅞pcIL Ln 2021	107xd	+¾	4.29	4.40
		Public Board and Ind.				
47¾	45	Met. Wtr. 3pc 'B'	46xd	......	6.52	10.62

FOREIGN BONDS & RAILS

1989 High	Low	Stock	Price £	+ or –	Div % Gross	Red. Yield
45	40	Greek 7pc Ass.	40	......	3.50	18.75
45	40	Do. 6pc 28 Stb. Ass.	40xd	......	3	17.50
45	40	Do 4pc Mixed Ass.	40xd	......	2	15.00
80	65	Hung. '24 Ass.	80	......	2.75	13.57
139½	128½	Hydro Quebec 15pc 2011	132½	–⅛	15.00	10.98
128½	118½	Iceland 14½pc Ln 2016	123½xd	–½	14.50	11.61
97¾	91½	Ireland 9¾pc '91-96	92½xd	......	9.75	11.30

AMERICANS

1989 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
41¾	26⅞	Abbott Laboratories‖	41¾xd	–⅛	$1 40	–	2 1
579p	361p	♥Allegheny & W 1c	475p	......	50c	–	4 0
18⅞	12¼	Amax $1	18½xd	......	80c	–	2.7
11⅞	6	Ambase Corp $1	10¾xd	+⅛	20c	–	1.2
15	865p	Amdahl 5c	10xd	......	h10c	–	0.6
37⅞	25½	Amer. Cyanamid $5	37¼	–⅛	$1.35	–	2.3
24⅛	14¾	Amer. Express 60c	24¾xd	–⅛	84c	–	2.2
16¼	854p	Amer Medical Int. $1	15⅞	......	♦72c	–	2.9
26⅛	15⅞	American T & T. $1	25⅝	–½	$1 20	–	3.0
40⅝	26¾	Ameritech $1	40¼	–⅛	h$2.92	–	4 6
659p	535p	♥Asiamerica Equity‖	555p	......	–	–	–
21¼	9⅝	BankAmerica $1	21⅛xd	–⅛	60c	–	1 8
35⅞	19⅛	Bankers N.Y. $1	34⅞xd	+⅛	$2.08	–	3.8
63⅝	38½	Bell Atlantic $1	63⅝	+⅛	$4 08	–	4 1
33⅛	19⅝	BellSouth Corp.	33	–⅛	$2.53	–	4.8
15⅞	12¾	♥Bethlehem Steel $8	14½xd	......	$1.00	–	4.4
11⅝	868p	♥Bio-Rad Labs. A	11⅛	......	–	–	–
20⅛	15⅛	Bowater Inc	18⅞	......	$1.12	–	3.8
12⅞	9⅛	Brunswick 75c	11⅛xd	......	44c	–	2.5
42⅝	28⅞	CPC Intnl. 25c	41½	–½	$1.80	–	2 7
798p	333p	California Engy	664p	+1	–	–	–
36½	17⅛	Campbell Soup 15c	32⅛xd	–⅛	92c	–	1 8
25⅞	15⅞	Chase Manhattan $12½	24½xd	–⅛	$2 36	–	6.0
24⅝	17	Chem. Banking Corpn	24⅝	......	$2 72	–	7 0
17⅛	13⅞	Chrysler $6¼	17⅛xd	–⅛	$1.20	–	4.4
22¾	14¾	Citicorp $1	20¾xd	–⅛	$1 62	–	4.9
230p	107p	CityFed Fin. Corp	145p	......	4c	–	1.7
38¾	25⅛	Colgate-Palmolive $1	38¾xd	–⅛	s$1.48	–	2.5
17⅛	10⅞	Cont'l Bank Corp $4	17⅛	+⅛	80c	–	2.9
387½p	218p	♥Corporate Data Sence	380p	+16	–	–	–
597p	278p	Cullinet Sftwr 1c	539p	......	–	–	–
27½	21¾	Dana Corp. $1	26¼xd	–⅛	$1.60	–	3 8
12	854p	Data General	10⅞	+⅛	–	–	–
38⅜	28⅜	Dun & Bradstreet $1	38⅛	+⅛	$2 00	–	3.3
43⅛	30½	Eaton Corpn. 50c	42⅛	–⅛	h$2.00	–	3.0
11⅜	8⅞	Echlin Inc	11⅛	+⅛	70c	–	4.0
20⅞	16⅞	FPL Group 1c	28½xd	–⅛	$2 28	–	7.1

Continued on next page

Henderson Management SA

Henderson Horizon Fund	Bid Price	Offer Price	+ or –	Yield Gross
Japanese Portfolio	$13 45	14 21	+0 01	–
Japan Smllr Cos P'flio	$18 52	19.57	+0 11	–
Pacific Portfolio	$10 99	11.61	+0.02	–
Nth American P'folio	$5 17	5.47	....	–
European Portfolio	$7.41	7 83	+0.06	–
UK Portfolio	$6 42	6 80	–0 02	–
Global Portfolio	$9.36	9.89	....	–
Fixed Int Portfolio	£9 69	10 17	–0 02	–
Dollar Liquidity P'folio	$0.8271	0 8293	+0 0002	–
Stlg Liquidity P'folio	£1.1334	1.1364	+0 0001	–

Merrill Lynch Asset Management—Contd.

	Bid Price	Offer Price	+ or –	Yield Gross
World Nat Res P'folio A	$11.03		+0.11	–
World Nat Res P'folio B	$10.97		+0 11	–

Merrill Lynch Int Capital Mngt (GSY) Ltd

Iberia Portfolio	$11.66		......	–

Morgan Stanley Sicav

Money Mkt Plus Fd Sep 6	$1055.02		......	–
Patrimony Fd Sep 6	$1066 74		......	–

Murray, Johnstone (Inv. Adviser)

American P'folio Sep 6	$27.62	29.44	......	–
Japan P'folio Sep 5	$234.30	250.99	......	–

Scimitar Bermuda Funds

Scimitar Futures Fd	$2.135	2.243	......	–
Guaranteed Fd	–		......	–

Segespar Securities (Bermuda) Ltd

Gross Way Ltd NAV July 31 $19,069 40

Seoul International Trust

Fund Man' Korea Invest Trust Co Ltd
NAV Sept 6 Won 31,242.16 IDR value US$46,436.03

The Siam Fund (Cayman) Ltd

Siam Fd NAV Sept 6 $19.52

Singer & Friedlander Ldn. Agents

Gartmore Money Management Ltd—Contd.

Special Fund	13 60	–	14.48	Mth
Dollar	7.69	6.02	8.21	3-Mth

Money Market Bank Accounts

Money Market Trust Funds

OTHER OFFSHORE FUNDS

OFFSHORE INSURANCES

ISLE OF MAN (**)

LUXEMBOURG (**)

UNIT TRUST NOTES

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AMERICANS—Contd

1989 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
35¼	27⅝	Ford Motor $1	34⅜	–⅜	$3.00	–	5.5
37¼	24¼	Gen. Elect. 63c	37½	–⅛	$1.64	–	2.8
579p	460p	♦General Host Corp $1	557p	–22	30c	–	3.4
39⅛	18¾	Gillette $1	29	+	96c	–	2.0
987p	601p	Gt. American Back Bk $1	840p	+3	20c	–	1.5
23⅞	16	Greyhound $1½	23⅝	+	$1.32	–	3.5
14½	847p	Hasbro Inc 50c	14½	......	16c	–	0.7
57½	32¼	Honeywell $1½	56⅝	–⅞	$2.10	–	2.3
21⅝	15¼	Houston Inds.‡	21⅞	+⅛	$2.96	–	8.6
76	63	IBM Corpn $1¼	75	–½	$4.84	–	4.0
60p	45c	Image Storage/R.Sys.Ic	55p	–3	–	–	–
32½	18¼	Ingersoll-Rand $2	32½	......	$1.20	–	2.4
33½	22½	Lockheed Crpn. $1	33	–½	$1.80	–	3.5
22⅜	15	Lone Star Inds $1	22	–¼	$1.90	–	5.5
27⅞	17½	Louisiana Land 15c	27	+¼	$1.00	–	2.3
20⅝	11½	Lowe's 50c	20½	+⅛	48c	–	1.5
26	15	Manuf. Hanover $1	25	–	$3.28	–	8.0
22⅝	13	Merrill Lynch $1	21	–	$1.00	–	2.9
2437p	1910p	Molex Inc	2437p	+27	3.2c	–	–
27	18½	Morgan (JP) $2½	26½	–¼	$1.66	–	4.0
107½	96	Morris (Philip)	107½	–1½	$4.50	–	2.6
54½	36	NYNEX $1	52	–½	$4.36	–	5.3
44p	20c	N'wide Legal Serv.‡	24p	–4	–	–	–
24⅞	18¾	PHH Corp.‡	24¼	–½	$1.12	–	2.9
259p	180p	♦Pacific Agr.‡	188p	+8	–	–	–
27½	19	Pacificorp $3¼	26½	......	$2.76	–	6.3
30¼	16	Pacific Telesis 10c	30¼	......	$1.88	–	3.9
22¼	15	Pall Corp. 25c	22	+⅛	48c	–	1.4
55½	39	Pennzoil 83 1/3c	54	+¼	$3.00	–	3.5
42¼	28	Quaker Oats $5	39	–	$1.20	–	1.9
32¾	23½	Rep NY Corpn $5	30	–½	$1.28	–	2.6

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS — Contd

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES—Contd

ELECTRICALS

ENGINEERING

ENGINEERING—Contd

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS (Miscel.)—Contd

INDUSTRIALS (Miscel.)—Contd.

INSURANCES

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LEISURE

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PAPER, PRINTING, ADVERTISING — Contd

PROPERTY

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES — Contd

TOBACCOS

TRANSPORT

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS, FINANCE, LAND — Contd

Finance, Land, etc

OIL AND GAS

OIL AND GAS — Contd

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

Tins

MINES — Contd

Miscellaneous

THIRD MARKET

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma. Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ✠ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ✠✠ Not officially listed.
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ◆ Merger bid or reorganisation in progress
- ♦ *Not comparable*
- ♦ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend. P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

Stocks previously listed under Shipping are now included in the Transport sector, as are others heretofore dispersed under several other headings.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

IRISH

TRADITIONAL OPTIONS

3-month call rates

Industrials

Property

Oils

Mines

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Japanese rhetoric hits dollar

SPECULATION ABOUT higher interest rates added a nervous dimension to foreign exchange trading yesterday. There were several comments from Bank of Japan officials, which were probably regarded as successful, as far as the authorities in Tokyo are concerned, if only *because these unsettled the* market and weakened the dollar.

Rhetoric is the cheapest form of intervention, but has only a short-term impact unless backed up by other measures. News agencies yesterday reported a senior Bank of Japan official as saying "The Bank of Japan does not exclusively depend on joint currency market intervention (with other nations)," and "has to think about broader measures."

He declined to be specific, but the comments tended to increase speculation that the Bank of Japan may be considering a rise in its discount rate. It also led to suggestions that the central bank may put pressure on the very large Japanese institutional investors not to buy the dollar.

A later report quoted the Bank of Japan as tolerant of a market led rise in interest rates, but that the central bank is not deliberately guiding rates higher. This followed a comment by Mr Satoshi Sumita, Governor of the Bank of Japan, about flexible management of monetary policy to prevent inflation. Dealers noted that the authorities have kept credit conditions very tight on the Tokyo money market this week, but in general the market was not convinced this will be followed by a rise in the discount rate.

The mood on the currency markets was rather confused by these events, encouraging squaring of long dollar positions. It appeared to be uncertainty about "broader measures" to control the currency markets, rather than Bank of Japan intervention to sell the dollar, that brought the dollar back from the peak of Y147.40 touched in Tokyo. The Japanese central bank sold dollars at several times, estimated to total some $300m to $500m.

In Europe the dollar maintained a weaker tone, finishing at Y146.30, compared with Y147.05 on Tuesday. It also fell to DM1.9750 from DM1.9910, after failing to break through the DM2.00 level overnight.

The West German Bundesbank council meets today and is not expected to increase official interest rates, but the possibility of higher German rates was another factor encouraging the unwinding of long dollar positions.

The dollar also fell to SFr1.7040 from SFr1.7180 and to FFr6.6525 from FFr6.7125. On Bank of England figures the dollar's index fell to 72.3 from 72.7.

Sterling was on the sidelines, lacking new factors, but gaining some support from the weakening of the dollar. The pound rose 1.45 cents to $1.5525 and also improved to DM3.0650 from DM3.0625; to Y227.25 from Y226.25; to SFr2.6450 from SFr2.6425; and to FFr10.3275 from FFr10.3250. Sterling's *index rose 0.2 to 90.9.*

August averages for the main trading currencies against the dollar were: sterling $1.5961; D-mark DM1.8959; yen Y135.29; and Swiss franc SFr1.6405.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Sep.6	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.4169	+2.26	+1.10	±1.5424
Danish Krone	7.85212	8.06111	+2.66	+1.50	±1.6419
German D-Mark	2.05853	2.07614	+0.86	-0.30	±1.1019
French Franc	6.90403	6.99707	+1.35	+0.19	±1.3719
Dutch Guilder	2.31943	2.34047	+0.91	-0.25	±1.5019
Irish Punt	0.768411	0.777815	+1.22	+0.06	±1.6689
Italian Lira	1483.58	1488.61	+0.34	-0.23	±4.0815
Spanish Peseta	133.804	129.500	-3.22	-	-

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

POUND SPOT- FORWARD AGAINST THE POUND

STERLING INDEX

CURRENCY RATES

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

CURRENCY MOVEMENTS

EURO-CURRENCY INTEREST RATES

OTHER CURRENCIES

EXCHANGE CROSS RATES

FINANCIAL FUTURES

West German bonds nervous

WEST GERMAN Government bond futures were slightly weaker yesterday, failing to hold on to a firmer opening. Prices were marked down after the Bundesbank increased the minimum rate at its latest sale and repurchase tender. This increased speculation that *lending rates* may rise after today's Bundesbank meeting, although the weight of opinion suggests that rates will stay the same for the time being. The December contract opened at 94.18, up from 94.14 but fell away to close at 94.12. Trading volume was relatively brisk with over 17,000 lots changing hands.

Sterling based financial futures were confined to an extremely narrow range. Sentiment was buoyed to some extent by the weaker dollar which helped to bolster the pound, but there are fears that renewed dollar strength will push the pound weaker and encourage the UK authorities to support the pound and guard against imported inflation. The mostly likely way of trying to achieve this would be through higher interest rates. Against this background of uncertainty, the December short sterling price ended just one tick lower at 86.35.

US Treasury bonds were hardly moved in extremely thin trading volume, the dollar's weaker tone apparently having little effect on sentiment.

LIFFE LONG GILT FUTURES OPTIONS
£50,000 64ths of 100%

Strike Price	Calls-settlements Dec	Calls-settlements Mar	Puts-settlements Dec	Puts-settlements Mar
91	3-56	4-52	0-10	0-18
92	3-01	4-00	0-19	0-30
93	2-14	3-15	0-32	0-45
94	1-36	2-36	0-54	1-02
95	1-01	1-62	1-19	1-28
96	0-40	1-30	1-58	1-60
97	0-23	1-05	2-41	2-35

Estimated volume total, Calls 1513 Puts 955
Previous day's open int. Calls 5750 Puts 4471

LIFFE US TREASURY BOND FUTURES OPTIONS
$100,000 64ths of 100%

Strike Price	Calls-settlements Dec	Calls-settlements Mar	Puts-settlements Dec	Puts-settlements Mar
93	4-13	4-49	0-23	1-03
94	3-25	4-05	0-35	1-23
95	2-49	3-29	0-59	1-47
96	2-00	2-57	1-10	2-11
97	1-30	2-24	1-40	2-42
98	1-03	1-60	2-13	3-14
99	0-47	1-36	2-57	3-54

Estimated volume total, Calls 0 Puts 0
Previous day's open int. Calls 1478 Puts 1596

LIFFE BUND FUTURES OPTIONS
DM250,000 points of 100%

Strike Price	Calls-settlements Dec	Calls-settlements Mar	Puts-settlements Dec	Puts-settlements Mar
9250	1.77	2.03	0.15	0.40
9300	1.37	1.68	0.25	0.55
9350	1.03	1.36	0.41	0.73
9400	0.73	1.08	0.61	0.95
9450	0.50	0.85	0.88	1.22
9500	0.32	0.65	1.20	1.52
9550	0.20	0.48	1.58	1.85

Estimated volume total, Calls 566 Puts 308
Previous day's open int. Calls 6073 Puts 5508

LONDON (LIFFE)

CHICAGO

BASE LENDING RATES

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS : 106,366

A=Ask B=Bid C=Call P=Put

MONEY MARKETS

UK rates steadier

A STEADIER pound left UK interest rates largely unchanged in London yesterday; three-month interbank money was quoted at 14$\frac{1}{16}$-14 per cent, the same as on Tuesday. The absence of any UK data to influence trading has meant that movements in the dollar and its effect on the pound have assumed a greater importance, if for no other reason than that there is very little else to look for.

The UK Government's determination to bear down on inflation and support the pound has effectively ruled out any chance of an early cut in rates. At the same time there is some degree of concern that a further increase could be regarded as an overkill.

Against this background, rates were confined to a narrow range, and the reverse yield curve from one-month out to one-year of just one sixteenth of a point underlined the market's uncertainty about interest rate trends.

The Bank of England forecast a flat position. Factors affecting the market included bills maturing in official hands and a take-up of Treasury bills, together with repayment of any late assistance draining £238m. There was also a rise in the note circulation of £85m. These were offset by Exchequer transactions which added £280m and banks' balances brought forward £55m above target.

There was no intervention by the Bank during the morning or afternoon despite a revised forecast to a shortage of around £100m. Late help came to £20m.

In Frankfurt, the Bundesbank allocated a total of DM22.6bn at yesterday's sale and repurchase tender, replacing maturities of DM23.3bn. The tender was split into DM12.7bn for the 28-day facility at 6.80-7.00 per cent and DM9.9bn for the 57-day agreement at 6.90-7.10 per cent. The overall rate of acceptance was up slightly from the previous tender, reflecting concern in some sectors of the market about a possible rise in West German interest rates at today's meeting of the Bundesbank central council.

Strong economic growth and a weak D-Mark have been behind the increased speculation over a possible rise in interest rates. However, the West German authorities appear to be less than concerned with the D-Mark's decline at the moment, which some traders have taken as a sign that rates are likely to be left unchanged after today's meeting.

UK clearing bank base lending rate 14 per cent from May 24

FT LONDON INTERBANK FIXING

MONEY RATES

LONDON MONEY RATES

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Prices taken at 5pm and change is from previous close at 9pm

JOTTER PAD

CROSSWORD

No.7,031 Set by CINEPHILE

WORLD STOCK MARKETS

AUSTRIA [illegible]

BELGIUM/LUXEMBOURG [illegible]

DENMARK [illegible]

FINLAND [illegible]

FRANCE [illegible]

FRANCE (continued) [illegible]

GERMANY [illegible]

GERMANY (continued) [illegible]

ITALY [illegible]

ITALY (continued) [illegible]

NETHERLANDS [illegible]

NORWAY [illegible]

SPAIN [illegible]

SWEDEN [illegible]

SWITZERLAND [illegible]

SOUTH AFRICA [illegible]

JAPAN [illegible]

AUSTRALIA [illegible]

AUSTRALIA (continued) [illegible]

HONG KONG [illegible]

SINGAPORE [illegible]

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. [illegible] Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. † Full update not available Sep. 4.

CANADA

TORONTO

2pm prices September 6

Quotations in cents unless marked $.

[illegible]

f—No voting rights or restricted voting rights.

INDICES

NEW YORK DOW JONES

	Sep 5	Sep 1	Aug 31	Aug 30	1989 High	1989 Low	Since compilation High	Since compilation Low
◆Industrials	2744.68	2752.09	2737.27	2728.15	2752.09 (1/9)	2144.64 (3/1)	2752.09 (1/9/89)	41.22 (2/7/32)
Home Bonds	93.13	93.18	93.05	93.12	94.15 (2/8)	87.35 (23/3)	-	-
Transport	1532.01	1526.32	1509.42	1529.52	1532.01 (5/9)	959.95 (3/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	217.24	218.62	217.30	217.05	221.64 (8/8)	181.84 (24/2)	227.83 (22/1/87)	10.50 (8/4/32)

◆Day's High 2768.24 (2766.91) Low 2731.76 (2726.82)

STANDARD AND POOR'S	Sep 5	Sep 1	Aug 31	Aug 30	1989 High	1989 Low	Since compilation High	Since compilation Low
Composite ‡	352.56	353.73	351.45	350.65	353.73 (1/9)	275.31 (3/1)	353.73 (1/9/89)	4.40 (1/6/32)
Industrials	404.10	405.27	402.85	401.92	405.27 (1/9)	318.66 (3/11)	405.27 (1/9/89)	3.62 (21/6/32)
Financial	33.32	33.49	33.26	33.19	33.59 (7/8)	24.30 (3/1)	33.59 (7/8/89)	8.64 (1/10/74)
NYSE Composite	195.84	196.37	195.27	194.92	196.37 (1/9)	154.98 (3/1)	196.37 (1/9/89)	4.46 (25/4/42)
Amex Mkt. Value	384.53	383.96	382.19	381.58	384.53 (5/9)	305.24 (3/1)	383.96 (1/9/89)	29.31 (9/12/72)
NASDAQ Composite	471.42	471.34	469.33	468.27	471.42 (5/9)	378.56 (3/1)	471.34 (1/9/89)	54.87 (31/10/72)

	Aug 25	Aug 18	Aug 11	year ago (approx.)
Dow Industrial Div. Yield	3.39	3.44	3.43	3.80
	Aug 30	Aug 23	Aug 16	year ago (approx.)
S & P Industrial div. yield	2.83	2.88	2.87	3.30
S & P Indl. P/E ratio	14.67	14.40	14.44	13.57

TRADING ACTIVITY † Volume

Millions	Sep 5	Sep 1	Aug 31
New York	146.775	133.300	143.420
Amex	12.102	12.587	13.069
OTC	121.138	113.463	117.756

NEW YORK	Sep 5	Sep 1	Aug 31
Issues Traded	1,962	1,935	1,967
Rises	613	891	780
Falls	826	481	655
Unchanged	523	563	532
New Highs	105	122	80
New Lows	23	11	12

CANADA

TORONTO	Sep 5	Sep 1	Aug 31	Aug 30	1989 High	1989 Low
Metals & Minerals	3860.5	3919.2	3911.5	3910.8	3919.2 (1/9)	3207.5 (3/1)
Composite	3998.8	4014.6	4010.2	4009.1	4019.7 (10/8)	3350.5 (6/1)
MONTREAL Portfolio	2046.37	2053.80	2046.71	2048.74	2053.80 (1/9)	1677.48 (3/1)

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
Bristol Myers	2,026,800	50⅞	+ ⅛
Niag Mohwk	1,855,800	13¼	+ ⅛
Gen Motors	1,814,700	50	...
IBM	1,708,100	117¼	+ ⅝
SmKline Bcham A	1,636,300	43¼	...
Navistar Intl	1,481,800	4⅜	− ⅛
Am T & T	1,389,000	39⅞	− ⅛
AMR Corp	1,270,400	90¼	+ ⅛
Chrysler	1,227,400	27	...
Gen Electric	1,196,200	58¼	...

Base values of all indices are 100 except NYSE All Common — 50; Standard and Poor's — 10; and Toronto Composite and Metals — 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Sep. 6	Sep. 5	Sep. 4	Sep. 1	1989 High	1989 Low
AUSTRALIA						
All Ordinaries (1/1/80)	1776.7	1778.0	1763.9	1748.8	1781.8 (29/8)	1412.9 (7/4)
All Mining (1/1/80)	875.1	873.1	861.9	846.8	875.1 (29/8)	652.6 (7/4)
AUSTRIA						
Credit Aktien (30/12/84)	437.37	433.21	427.95	424.39	438.04 (30/8)	219.5 (2/1)
BELGIUM						
Brussels SE (1/1/80)	6623.77	6576.99	6529.47	6509.03	6623.77 (6/9)	5519.30 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	331.19	333.65	335.78	336.20	356.65 (12/7)	275.49 (27/2)
FINLAND						
Unitas General (1975)	744.2	744.8	753.7	762.6	815.8 (18/4)	723.3 (4/1)
FRANCE						
CAC General (31/12/82)	534.8	534.8	531.6	526.4	534.8 (5/9)	417.9 (4/1)
Ind. Tendance (30/12/88)	125.9	125.1	125.1	123.4	125.9 (6/9)	97.5 (27/2)
GERMANY						
FAZ Aktien (31/12/58)	679.75	680.12	673.35	665.95	680.12 (5/9)	535.78 (27/2)
Commerzbank (1/12/53)	2034.8	2036.9	2016.5	1995.7	2036.9 (5/9)	1595.7 (27/2)
DAX (30/12/87)	1633.55	1637.47	1623.98	1608.33	1637.47 (5/9)	1271.70 (23/2)
HONG KONG						
Hang Seng Bank (31/7/64)	2577.62	2572.41	2550.25	2508.91	3309.64 (15/5)	2093.61 (5/6)
ITALY						
Banca Com. Ital. (1972)	725.67	729.95	728.82	734.12	734.84 (31/8)	577.49 (28/2)
JAPAN						
Nikkei (16/5/49)	34271.31	34441.95	34483.78	34348.2	35140.83 (21/8)	30183.79 (5/1)
Tokyo SE (Topix) (4/1/68)	2602.70	2613.34	2614.59	2602.51	2659.08 (21/8)	2366.91 (6/1)
NETHERLANDS						
CBS Tti.Rtn.Gen. (End 1983)	266.7	265.8	263.3	264.1	266.7 (6/9)	208.3 (3/1)
CBS All Shr (End 1983)	206.7	206.0	204.0	204.7	207.0 (17/8)	166.7 (1/3)
NORWAY						
Oslo SE (2/1/83)	674.30	671.68	673.81	673.51	679.36 (31/8)	467.17 (2/1)
SINGAPORE						
Straits Times Ind. (30/12/66)	1396.68	1388.08	1382.28	1363.73	1396.68 (6/9)	1030.69 (4/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1533.0‡	1524.0	1527.0	1556.0	1685.0 (3/8)	1291.0 (15/2)
JSE Industrial (28/9/78)	2777.0‡	2784.0	2794.0	2818.0	2838.0 (25/8)	1961.0 (3/1)
SPAIN						
Madrid SE (30/12/85)	324.57	325.42	325.20	322.46	325.42 (5/9)	268.61 (1/3)
SWEDEN						
Jacobson & P. (31/12/56)	4480.4	4511.7	4497.4	4569.9	4660.3 (16/8)	3333.9 (3/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	829.1	825.6	823.0	817.0	829.1 (6/9)	613.1 (3/1)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	532.5	534.5	534.9	551.2 (3/8)	487.6 (13/6)

‡ Subject to official recalculation.

Base values of all indices are 100 except Brussels SE and DAX — 1,000 JSE Gold — 255.7 JSE Industrials — 264.3 and Australia. All Ordinary and Mining — 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Wednesday September 6 1989

	Stocks Traded	Closing Prices	Change on day
Yakult	10.5m	6,380	+380
Nippon Steel	10.4m	783	-16
Kyowa Hakko K.	9.9m	1,740	+90
Keisei Railways	8.9m	2,910	+10
Nissin Food	7.8m	4,350	+500
Yamazaki Baking	7.3m	2,210	+80
NKK	6.9m	758	-15
Orient Finance	6.9m	1,880	+310
Isetan	6.7m	4,160	+310
Eisai	6.6m	2,420	-60

3pm prices September 6

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/ E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		– A – A – A –								
35¼	21¼	AAR	.44	1.3	23	388	35⅛	34⅞	35⅛	– ⅛
10⅛	8⅝	ACM n	1.01	11.		198	9½	9¼	9¼	– ⅛
11⅞	10¼	ACMIn	1.26a	11.		459	11⅝	11½	11½	
10⅛	8½	ACM M	nt.01	11.		383	9¼	9⅛	9⅛	– ⅛
11½	10	ACM Sc	1.26	11.		744	11⅞	11¾	11⅞	
9⅞	8⅝	ACMSp	1.01	11		493	9¼	9⅛	9¼	
19	11½	AL Lab	.12	.7	18	313	16⅝	16⅜	16½	– ¼
4⅛	3⅛	AMCA	.12e	3.1	26	61	3⅞	3⅝	3⅞	+ ⅛
6⅛	4½	AM Intl				1754	5⅜	5¼	5¼	
23½	20⅝	AM In pf	2	9.0		30	22¼	22⅛	22¼	
96	43⅞	AMR			10	10566	98½	85⅞	87⅞	– 2⅞
27	25	ANR pf	2.67	10.		48	25⅝	25⅝	25⅝	+ ⅛
7½	3⅝	ARX				140	4⅛	4	4	– ⅛
44⅝	35½	ASA	3a	7.0		312	43⅛	42⅝	42⅞	+ ⅛
22⅝	15¼	AVX	.24	1.2	9	280	20⅞	20⅛	20⅜	– ⅜
66	44⅛	AbtLab	1.40	2.2	17	3871	63⅛	61⅝	62⅜	– 1⅝
18¼	13¼	Abitibi g	1			55	15⅛	14⅞	14⅞	– ¼
13	7½	AcmeC	.40	3.8		1019	11⅛	10½	10⅝	– ⅝
9⅛	5⅞	AcmeE	.32	3.4	11	31	9⅜	9⅛	9⅜	– ⅛
34⅞	20¼	Acuson			24	95	34	33⅝	33⅝	+ ⅛
16⅞	14¼	AdaEx	1.80e	11.		204	u17	16⅜	16⅞	
12⅝	6½	Adobe				148	12½	12⅜	12½	
19⅝	16½	Adob pf	1.84	9.6		5	19¼	19¼	19¼	+ ¼
21⅝	19⅞	Adob pf	2.40	11.		1	21	21	21	– ¼
11⅛	7⅛	AMD				688	8½	8¼	8⅜	
36	28¼	AMD pf	3	9.8		9	31¼	30⅞	30⅞	– ⅜
10⅛	6⅜	Advest	.12	1.4	15	145	9	8⅝	8⅞	– ⅛
60⅛	46	AetnLf	2.76	4.8	9	1049	57⅞	57½	57⅝	– ¼
14	12⅜	AfilPb				533	13⅝	13⅜	13⅜	– ⅛
23¼	15⅛	Ahmans	.88	4.0	11	2918	22⅜	21⅝	21⅞	– ¼
4½	2¼	Aileen				279	3½	3⅜	3½	+ ⅛
48¾	37¼	AirPrd	1.32	2.9	12	1033	48	46⅝	46⅞	– 1
37⅞	16¼	AirbFrt	.60	1.6	24	841	37	36¼	36¼	– ⅝
25⅛	13⅝	Airgas			13	199	23	22⅞	22⅞	– ⅛
20½	18	AirlLease	2.40	12.	9	23	20¼	20⅛	20¼	
10	8½	AlaP dpf	.87	9.2		31	9⅝	9½	9½	
30½	19	AlskAir	.20	.7	10	933	28⅞	28	28	– 1

Continued on Page 47

NYSE COMPOSITE PRICES

Continued from previous Page

OVER-THE-COUNTER

Nasdaq national market, 3pm prices September 6

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales infull. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3pm prices September 6

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
PhlLD	.15e	10	304	u21½	20½	20⅝	− ¼
PionrSy			105	¼	¼	¼	
PlyGem	.12	13	25	13⅞	13⅝	13⅝	
PrcCm s			218	6¾	6½	6¾	
ProlCrs		13	26	6¼	6⅛	6¼	
− R−R −							
RBW		13	2	6⅞	6⅞	6⅞	
Riedel		21	40	16⅝	16⅛	16⅛	
Rogers	.12		4	22⅛	22	22	+ ⅛
− S−S −							
Salem		2	2	13⅝	13⅝	13⅝	− ⅛
Seamn	.10j		388	3-16	3-16	3-16	
SbeeA	.20	12	60	12⅞	12¾	12¾	− ⅛
Spelng		17	15	8½	8⅛	8¼	+ ⅛
SterEl	.04e	5	15	3½	3⅜	3⅜	− ⅛
SterlSft			51	8⅝	8⅛	8¼	+ ⅛
StrutW			9	9-16	9-16	9-16	
Synaloy	.40	8	120	10½	10¼	10¼	− ⅛
− T−T −							
TIE			390	1⅞	1⅞	1⅞	
TII		1	6	1⅞	1⅞	1⅞	
TabPrd	.20	21	72	13½	13⅜	13⅜	
TandyB		18	85	23	22½	22½	− ⅜
TelDta	.28	102	115	40½	39⅞	39⅞	− ⅞
Telesph			1689	4⅜	4⅛	4⅛	− ⅛
TempE	.32e		158	u12⅝	12⅛	12⅛	− ⅛
TexAir			4250	20⅛	19⅝	20⅛	− ⅛
Thermd		189	2412	u17¼	15¾	17	+ 1¼
Thrlns		25	33	16⅛	16⅛	16⅜	+ ⅛
TotlPet	.80	7	207	24⅞	24⅝	24⅝	− ⅛

FINANCIAL TIMES
Thursday September 7 1989

AMERICA

Dow declines sharply as awaited correction begins

Wall Street

A SIGNIFICANT break to the equity market's rally finally came yesterday after nine straight weeks of rising prices, *writes Janet Bush in New York.*

Shares dropped sharply immediately after the opening. The Dow Jones Industrial Average was quoted 25 points lower after a half hour of trading and then stabilised in mid-morning at what appeared to be a strong technical support level around 2,700 to 2,710, last week's low.

By 2 pm, the Dow was quoted 34.0 points lower at 2,710.68 on active volume of 113m shares. An hour earlier the Standard & Poor's 500 index was quoted 4.09 points lower at 348.47 and the American Stock Exchange Index and the Nasdaq Composite both retreated from Tuesday's record closes.

The morning selling certainly contained a heavy dose of programmed stock index arbitrage, but there was also a wave of genuine profit-taking. A recommendation by Mr Barton Biggs, chief investment strategist at Morgan Stanley, that his institutional clients sell 10 per cent of the stocks in their portfolios received widespread attention.

It was just a matter of time before the market began a substantial correction. From the beginning of July to last Friday, the Dow Jones had piled on more than 300 points or 12 per cent. Market commentators yesterday did not appear to be particularly worried about the sell-off. Indeed, a healthy correction is seen as the precursor to more gains in a market which was beginning to look overstretched.

The selling coincided with another shaky performance in the bond market which failed to hang on to early gains. The dollar also traded well off Tuesday's highs in the wake of co-ordinated central bank intervention and some comments by Japanese officials about the high level of the dollar against the yen.

There is little in the way of economic news this week to jolt markets into one direction or the other, so the focus is likely to be on how aggressive the central banks are ahead of next week's Group of Seven meeting in stopping the dollar rising and on the technical position of each market.

Mr Biggs recommended that his clients sell airlines, hotels, brand-name food and beverage stocks and media companies – all of which have surged in recent months on takeover activity and rumours and were indeed among the weakest sectors yesterday.

The Dow Jones Transportation Index was quoted 27.21 lower at 2 pm at 1,504.80. UAL dropped $3¼ to $287½, reversing only a small portion of its substantial gains recently. Delta fell $2⅝ to $79 and AMR $2⅞ to $87½.

Blue chips were broadly lower. IBM lost $1⅛ to $116⅝, Philip Morris fell $1¼ to $165⅞, Proctor & Gamble slumped $2 to $125¾ and Coca Cola dropped $1¼ to $64⅝.

Georgia Gulf was a notable exception to the downdraft, rising $¾ to $59¼ on news that Mr Harold Simmons, the Dallas investor, and NL Industries, a company he controls, is launching a bid to unseat the company's board. NL and Mr Simmons own a 9.9 per cent stake and have offered to acquire Georgia Gulf or help it recapitalise.

On the over-the-counter market, American Western dipped $⅞ to $11⅝. It said it was holding talks with a management group which is offering to buy it out in a leveraged transaction worth $11.50 a share.

Canada

THE RAPID retreat in New York put Toronto stocks under intense pressure and they fell sharply by midsession. The bearish sentiment was seen as a long-overdue correction after the highs of the last month.

The composite index slid 30.4 to 3968.5, with declines ahead of advances 343 to 200 on volume of 20.2m shares.

EUROPE

Issues and interest rates the prime preoccupation

THE possibility of an interest rate rise in West Germany preoccupied bourses and a spate of issues provided plenty of news, *writes Our Markets Staff.*

FRANKFURT was packed with incident. A very confident pre-market was shaken as the Bundesbank set its weekly repo interest rates, on funds allocated to the money markets, at 6.8 to 7.1 per cent against an expected 6¾ to 6.9 per cent range.

This heightened worries about today's Bundesbank meeting, which could choose to increase key interest rates, although a recent overview from Swiss Bank Corporation suggests that the repo increase could have been chosen as an alternative to rises in discount and Lombard rates.

Turnover declined from DM7.3bn to DM6.2bn and the indices emerged a shade lower, the FAZ by 0.37 at 679.95 and the DAX by 4.12 at 1,633.35. However, all this was merely a preamble to the day's big news: two big rights issues, the first from Dresdner, West Germany's second biggest commercial bank, to raise DM1.2bn; and the second from Lufthansa, the national airline, which is calling for DM942m.

This led to speculation that Daimler will set terms for its own expected rights issue next week, after Friday's government decision on the MBB acquisition; while the market was talking about of a call of DM1bn plus week or two ago, the mooted figure had risen to DM2bn by last night.

AMSTERDAM climbed strongly for a second day as investors anticipated a victory for the centre-right coalition in yesterday's general election. Shares came off the top towards the close on Wall Street's depressed start and sudden election jitters, but the CBS tendency index still managed a rise of 1.6 to 193.7. Its high for the day was 194.4.

Turnover swelled to a very active Fl 1.1bn, or more than twice the level on Monday, as international buyers joined the locals. Philips was the most popular international stock, rising Fl 1.30 to Fl 44.80 after Amro bank put out a buy recommendation and foreign interest continued.

Insurance stocks had another good day as takeover speculation spilled over from the now concluded French bid for Groupe Victoire and analysts pointed to the relatively low price earnings ratios in the Dutch sector. The insurers are also enjoying interest from investors looking for a defensive holding. NatNed was strongest, adding 70 cents to Fl 71.50.

PARIS ended mixed, with Wall Street's early fall and concern about a possible interest rate rise from the Germans curbing gains. Falls in Thomson-CSF and Peugeot also undermined the market, which is trading at record highs.

Thomson dropped FFr11 to FFr199 after James Capel downgraded its recommendation to a sell on the grounds that defence business was not expanding in Europe and that the acquisition of the defence interests of Philips would be expensive in the short term. Volume in the stock was heavy, with much of the selling coming from the UK.

Peugeot first rose sharply on plans for a cut in the top VAT rate from 28 per cent to 25 per cent in the 1990 budget. But it turned down to end FFr10 lower at FFr964, hurt by news of a strike disrupting production at its plant in Mulhouse.

The OMF 50 index edged up 0.89 to 529.53. Turnover was estimated at FFr2.7bn – Tuesday's volume reached a hefty FFr2.96bn, swelled by block trades which did not show up in initial estimates.

MILAN fell in active trading, the Comit index losing 4.28 to 725.67 as banking stocks, depressed in reaction to the widening scandal at Banca Nazionale del Lavoro (BNL), pulled the rest of the market in their trail.

The banking sector as a whole dropped by 1.45 per cent. Banca Commerciale fell L101 to L5,240 and Credito Italiano by L82 to L2,747. Among industrial blue chips Fiat was L140 lower at L11,850.

ZURICH closed firm in lively trading, the Crédit Suisse index rising 2.5 points to 672.1 as dealers argued whether the recent rally could continue much longer. Attention focused on chemicals and engineering shares, with Ciba-Geigy bearers up SFr45 to SFr4,715 and Brown Boveri Bearers up SFr95 to SFr5,245.

After the market closed, Motor Columbus, a holding company with energy and industrial interests, announced a SFr150m rights issue.

MADRID shied away from record territory again, depressed by falls in banking stocks. The general index lost 0.85 to 324.57, compared with an October 1987 high of 328.36. Construction stocks showed some sharp gains,

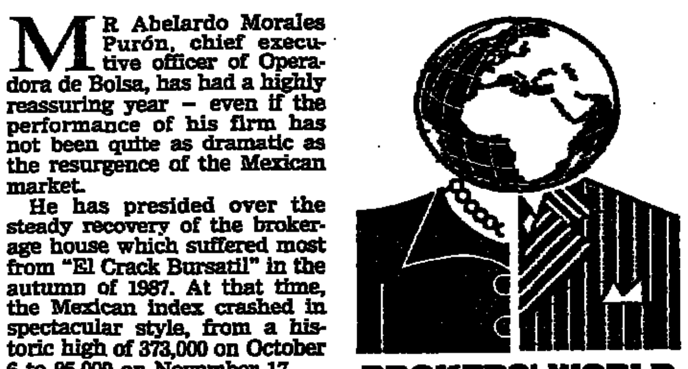
BRUSSELS closed mixed, but selective buying pushed the cash index up 46.78 to a record 6,623.77.

Steel-maker Cockerill, suspended for yesterday's session, commanded most attention. It ended at BFr303, down BFr182, after going ex a warrant and a preference issue together worth BFr238. Trading was a heavy 84,000 shares on strong demand for the stock.

HELSINKI closed slightly lower in high volume dominated by trade in the Wartsila engineering group, whose series I free shares rose FM35 to FM455.

A career rising fast with the bullish bolsa

Richard Johns reports on a reassuring year for one of Mexico's leading brokers



BROKERS' WORLD

MR Abelardo Morales Purón, chief executive officer of Operadora de Bolsa, has had a highly reassuring year – even if the performance of his firm has not been quite as dramatic as the resurgence of the Mexican market.

He has presided over the steady recovery of the brokerage house which suffered most from "El Crack Bursatil" in the autumn of 1987. At that time, the Mexican index crashed in spectacular style, from a historic high of 373,000 on October 6 to 95,000 on November 17.

Operadora was the brokerage house most heavily involved, in the frenzied buying preceding the crash and the panic selling after it. Not surprisingly, it became the most notable casualty. It lost a dominant position, considerable market share and about 40 per cent of its clients.

However, a loss of 5.1bn pesos in 1988 ($2.2bn at the year-end exchange rate) was turned into a profit of 7.2bn pesos ($2.8bn current) in the first seven months of this year.

As successive milestones were passed on the way to an outline agreement on rescheduling and reducing Mexico's commercial bank debt, the market grew ever more bullish, putting in the world's best performance in the first half of this year.

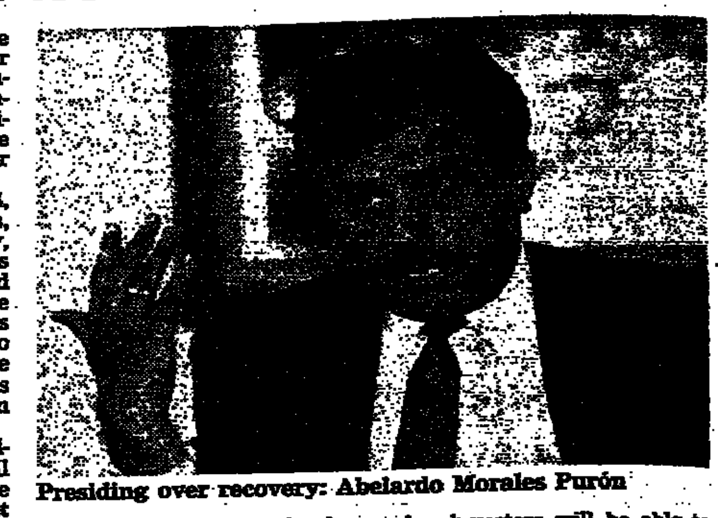
Mr Morales was appointed to his present position less than a year ago. This year he has seen the Bolsa index rise 89 per cent and break the 400,000 barrier. Speaking last week, just after the barrier was broken, Mr Morales said the firm was close to regaining parity with its arch-rival at the top of the league, Casa de Bolsa Inverlat, and that it had overtaken it in portfolio management.

Having come into the brokerage business relatively late in life, Mr Morales' rise in the firm has been rapid. After studying business administration at the University of Monterrey and then law at the University of Texas, Austin, he worked for Banca Serfin for eight years.

He joined Operadora in 1984, when it had only 10 branches, and was posted to Monterrey, his home town, where as regional director he looked after its interests in the north-east. A year ago, he was transferred to Mexico City to take responsibility for the whole network of 57 branches – the largest of any Mexican firm.

Mr Morales says Mexican shares are still cheap with average prices at 80-85 per cent of net book value. When they pass 100 per cent, new issues can be expected. The market will also expand as companies emerge under the Government's privatisation programme.

He says that Operadora has not suffered from the detention in February of Mr Eduardo Legorreta, its former chairman and another top executive. Mr Legorreta was detained for alleged abuses which are still under investigation, and which may turn out to be no more than the result of mistakes made in the general frenzy.



Presiding over recovery: Abelardo Morales Purón

Unlike the majority of brokerage houses, which are owned or controlled by one or two individuals or families, Operadora has a capital of 195bn pesos and the widest ownership. There are about 7,000 shareholders with the largest (Mr Legorreta) holding no more than 7 per cent.

Mr Morales is looking forward to finalisation of new broking rules under which foreign investors will be able to buy and sell Mexican stocks, though not to take control of companies, under the auspices of new foreign investment regulations announced in May. In anticipation of this and in line with its expansionist tradition, Operadora stole a march on its rivals by opening a branch office in New York two months ago.

This is the last article in a series on brokers around the world.

ASIA PACIFIC

Singapore steals the show as Japan weakens

Tokyo

INVESTORS in Tokyo were disheartened by a weak yen and frightened by the possibility of another increase in the discount rate and the decline in share prices accelerated, *writes Michiyo Nakamoto in Tokyo.*

The Nikkei average closed 170.64 lower at 34,271.31, after reaching a day's high of 34,317.14 and a low of 34,117.87. Declines outnumbered advances by 594 to 349 with 174 stocks unchanged.

Turnover rose slightly to 582m shares from the 530m traded on Tuesday. The Topix index of all listed shares fell 10.64 points to 2,602.70. In London, the ISE/Nikkei fell 5.07 to 2,030.35.

The yen's weakness against the dollar, and overnight losses on Wall Street, left investors still wary about taking an active part in the market, confirming their suspicions that the best thing to do was to take profits while they can.

A speech by Mr Satoshi Sumita, Governor of the Bank of Japan, warned against the excessive rise of the dollar and gave traders more to worry about. Mr Sumita indicated that the Bank was ready to take some action, "other than currency market intervention," to stem the fall of the yen. This was taken by many to mean the Bank was considering raising the discount rate.

Arbitrage trading towards the close helped trim some of the Nikkei's earlier losses, but did little to dispel the gloomy mood that had spread over the market. Speculation about interest rate rises led investors to take profits in heavily capitalised steel companies.

Nippon Steel, second most actively traded with 10.4m shares, lost Y16 to Y783. NKK fell Y15 to Y758.

The recent announcement of the planned merger between Taiyo Kobe Bank and Mitsui Bank had brought some excitement in the banking sector, but a calmer assessment led to quick profit-taking, which continued yesterday. Sumitomo Bank fell Y60 to Y3,700 while the Industrial Bank of Japan lost Y50 to Y5,280.

Profit-taking took place in a wide range of shares bought recently for earnings prospects, or specialised appeal. In the first category, Sony dropped Y130 to Y8,820 while Eisai, a pharmaceutical company that had surged on Tuesday on the strength of its diversification and promising business prospects, was down Y80 at Y2,420 in active trading.

Yakult, which produces milk, dairy products and groceries, surged Y380 to Y5,380 on the strength of a one-for-two scrip issue. The issue was announced after the TSE close on Tuesday but a surge in the share price before the announcement spread suspicions of insider dealing.

Yakult was the most actively traded stock with 10.5m shares changing hands. Its popularity spread to other food issues such as Nissin Food, which jumped Y500 to a high for the year of Y4,350 in active trade.

Speculation about a rise in the discount rate hit the Osaka market hard and the OSE average lost 159.68 to 34,639.80. Volume trickled down to 73m from the 76m traded on Tuesday.

Roundup

THE best performance in Asia Pacific markets yesterday came from Singapore, which attracted interest from both foreign and local institutions.

SINGAPORE made its sixth consecutive gain, reaching a post-crash record for the second day running in active turnover of 101m shares, up from Tuesday's 93m. The Straits Times Industrial index gained 8.60 to 1,396.68.

The market has been picking up after about a month in the doldrums and it tends to rise in sudden bursts before consolidating. In addition, there is still nervousness about Hong Kong – especially over what will happen when Chinese leader Deng Xiaoping dies – and new institutional cash flow to the region is tending to prefer Singapore, says Mr David Bates at James Capel.

Isetan, the retailer, climbed a further 50 cents to S$8.30, its current strength reflecting interest in its property ownership – which means its assets are growing and it is avoiding the exorbitant rent increases affecting other retail companies. There is also talk of concerted Japanese buying.

AUSTRALIA ran into profit-taking after a strong morning and the All Ordinaries index closed 1.3 easier at 1,776.7 after its 14-point rise on Tuesday. Turnover remained active with 119m shares traded worth A$259m.

In the transport sector, Brambles was unchanged at A$14.30 after a 35 per cent rise in after-tax profits, while TNT dropped 10 cents to A$3.55 after its worse than expected figures on Monday and concern over the pilots' strike; TNT owns half of Ansett Airlines.

Bougainville Copper shed 30 cents to A$2.20 on the renewed closure of its Papua New Guinea mine, but parent CRA gained 30 cents to A$12.15 after its jump in first half profits on Tuesday.

NEW ZEALAND fell sharply in one of the most active days since the October 1987 crash.

SOUTH AFRICA

TRADING in Johannesburg ended firmer helped by the stronger bullion price, but it was still cautious before the general election result.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	TUESDAY SEPTEMBER 5 1989						MONDAY SEPTEMBER 4 1989			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1989 High	1989 Low	Year ago (approx)
Australia (85)	154.91	+0.4	149.33	135.83	+0.9	4.64	154.24	147.15	134.57	157.14	128.28	143.92
Austria (19)	146.54	+0.6	141.26	151.74	+1.4	1.60	145.70	139.00	149.68	150.67	92.84	87.43
Belgium (63)	132.30	+0.2	127.53	136.05	+1.0	4.07	131.99	125.92	134.76	137.97	125.58	113.72
Canada (123)	151.75	−0.3	146.28	129.83	−0.3	3.10	152.17	145.18	130.19	153.59	124.67	118.44
Denmark (36)	191.98	−1.3	185.06	201.64	−0.7	1.56	194.59	185.64	202.99	219.89	165.35	122.30
Finland (26)	130.02	−1.4	125.33	122.38	−1.1	2.24	131.89	125.83	123.70	159.16	125.81	115.15
France (126)	129.49	−0.6	124.83	136.35	+0.0	2.77	130.28	124.30	136.36	133.44	112.57	91.14
West Germany (98)	97.52	+0.4	94.01	100.95	+1.0	2.02	97.18	92.72	99.96	100.53	79.56	76.22
Hong Kong (48)	107.99	+0.9	104.10	108.27	+0.9	5.14	107.07	102.15	107.34	140.33	86.41	102.16
Ireland (17)	151.43	−1.4	145.97	159.17	−0.7	2.79	153.59	146.53	160.38	166.69	125.00	132.39
Italy (97)	93.83	−0.6	90.45	100.00	+0.1	2.25	94.39	90.05	99.89	96.73	74.97	70.82
Japan (455)	177.79	−0.8	171.39	165.26	−0.1	0.48	179.31	171.07	165.37	200.11	164.22	155.36
Malaysia (36)	191.32	+0.0	184.42	199.35	+0.2	2.44	191.40	182.61	198.99	193.38	143.35	138.44
Mexico (13)	294.77	+0.9	284.15	829.90	+1.5	0.61	292.08	278.66	817.84	294.77	153.32	147.33
Netherland (43)	124.36	+0.4	119.87	127.28	+1.0	4.10	123.83	118.14	126.03	130.67	110.63	102.84
New Zealand (20)	87.73	−0.5	84.57	79.20	+0.1	4.36	88.18	84.12	79.08	88.18	62.64	73.54
Norway (24)	183.13	−0.3	176.53	179.77	+0.3	1.44	183.60	175.16	179.24	198.39	139.92	110.99
Singapore (26)	166.35	+0.5	160.35	151.78	+0.9	1.84	165.52	157.91	150.49	170.62	124.57	121.89
South Africa (60)	152.81	−0.2	147.30	134.96	−0.2	4.15	153.18	146.14	135.29	154.97	115.35	107.24
Spain (43)	158.65	−0.5	152.93	149.15	+0.0	3.45	159.48	152.15	149.21	160.94	143.14	141.04
Sweden (35)	179.74	+0.1	173.26	178.21	+0.6	1.93	179.47	171.22	177.14	188.94	138.45	114.33
Switzerland (64)	89.30	−0.5	86.08	95.11	+0.0	1.99	89.75	85.62	95.12	94.16	67.81	75.81
United Kingdom (307)	153.05	−0.8	147.53	147.53	+0.3	3.97	154.24	147.15	147.15	158.41	133.28	125.62
USA (549)	143.45	−0.3	138.28	143.45	−0.3	3.25	143.84	137.23	143.84	143.84	112.13	108.54
Europe (998)	128.42	−0.4	123.79	128.50	+0.4	3.21	128.98	123.06	128.05	132.62	112.63	102.15
Nordic (121)	164.93	−0.5	158.98	160.52	+0.0	1.77	165.78	158.16	160.50	178.38	137.95	108.80
Pacific Basin (670)	174.41	−0.8	168.13	162.08	+0.0	0.72	175.77	167.69	162.10	194.72	160.44	152.76
Euro−Pacific (1668)	156.15	−0.7	150.52	148.51	+0.1	1.55	157.19	149.96	148.35	166.98	141.56	132.54
North America (672)	143.85	−0.3	138.66	142.60	−0.3	3.24	144.24	137.61	142.98	144.24	112.79	109.06
Europe Ex. UK (691)	112.79	−0.2	108.72	116.75	+0.4	2.63	112.99	107.80	116.26	116.28	96.30	87.50
Pacific Ex. Japan (215)	133.68	+0.5	128.86	121.95	+0.8	4.47	133.05	126.93	120.95	137.65	111.93	121.43
World Ex. US (1864)	156.05	−0.6	150.43	147.99	+0.1	1.63	157.06	149.84	147.85	166.35	141.49	131.81
World Ex. UK (2106)	150.25	−0.5	144.83	146.31	−0.1	1.99	150.99	144.05	146.40	155.66	136.98	122.47
World Ex. So. Af. (2353)	150.47	−0.5	145.05	146.48	+0.0	2.16	151.25	144.30	146.52	155.92	136.67	122.83
World Ex. Japan (1958)	137.88	−0.3	132.92	137.01	+0.0	3.28	138.29	131.94	137.02	138.29	114.51	107.13
The World Index (2413)	150.48	−0.5	145.06	146.39	+0.0	2.17	151.26	144.31	146.44	155.89	136.68	122.73

Latest prices were unavailable for this edition.